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**82- SUBMISSIONS FACING SHEET**

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REGISTRANT'S NAME

*Signed & approved by Luke Colling  
Grant*

\*CURRENT ADDRESS

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\_\_\_\_\_

\*\*FORMER NAME

\_\_\_\_\_

\*\*NEW ADDRESS

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FINANCIAL

FILE NO. 82-

*4814*

FISCAL YEAR

*12-31-04*

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12-31-04  
HRS

Date	the 19 <sup>th</sup> of April, 2005
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Position, department	Head of the investment section, financial and economic service
Name/first name	Bondarenko Ludmila Grigorevna
Code/phone/fax	0562 35 91 63 34 94 66
e-mail	Ludmila.Bondarenko@ntz.dp.ua

Made for:	January, 01, 2005
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Issuer:	OJSC "NTZ"
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**Adopted:**

(signature)

(name of executor)

		Date of report adoption	
		Registered number	
		Notes	

## LIST OF ALL DOCUMENTS THAT ARE SUBMITTED BY THE ISSUER

#	Description of the document	Document file name
1.	Title-page of the report	TITLIST.DBF
2.	Form accompanying the report	SUPRLIST.DBF
3.	Identification details, location and communication means of the Issuer.	UROSOB_1.DBF
4.	Information on the State Registration of the Issuer.	UROSOB_1.DBF
5.	Banking establishments that render services to the Issuer.	UROSOB_1.DBF
6.	Basic kind of activity.	UROSOB_1.DBF
7.	Information on licenses (permits) received for separate kind of activity.	LICENCE.DBF
8.	Information concerning the Issuer's membership in any associations of enterprises.	OBEDNAN.DBF
9.	Information on owners of the Issuer's securities.	UROSOB_2.DBF, UROSOB_2.DBT
10.	Information on the number of employees and their wage.	UROSOB_2.DBF, UROSOB_2.DBT
11.	Information on the Issuer's Officers.	PERSON_P.DBF
12.	Information on persons who own more than 5% plus shares of the Issuer – legal entities.	OWNER_UR.DBF
13.	Information on persons who own more than 5% plus shares of the Issuer – individuals.	OWNER_FZ.DBF
14.	Information on the Officials who own shares of the Issuer.	OWNER_PO.DBF
15.	Information of the Issuer's latest report publication.	UROSOB_2.DBF, UROSOB_2.DBT
16.	Information on the General Meeting of Shareholders (for OJSC)	UROSOB_2.DBF, UROSOB_2.DBT
17.	Information on dividends.	UROSOB_2.DBF, UROSOB_2.DBT
18.	Information on legal entities that render services to the Issuer.	OBSLUG.DBF
19.	Information on historic event that occurred during the year.	OSOBLIVA.DBF
20.	Information on issue of shares.	PAPERY_A.DBF
21.	Information of the Issuer's bonds – interest bonds.	OBLIG_PR.DBF
22.	Information of the Issuer's bonds – discount bonds.	OBLIG_DK.DBF
23.	Information of the Issuer's bonds – target (interest-free) bonds.	OBLIG_TS.DBF
24.	Information on other securities issued by the Issuer (the ones that should be registered)	PAPER_DR.DBF
25.	Text part.	BUS_TEXT.DBF, BUS_TEXT.DBT
26.	Basic factors that influence the Issuer's activity.	OSN_FAKT.DBF, OSN_FAKT.DBT
27.	Information on the Issuer's most important competitors.	COMPETIT.DBF
28.	Information on the basic products manufactured by the Issuer (services provided).	PRODUCE.DBF
29.	Information on the raw material base and basic features of the products (services) consumers manufactured by the Issuer and their distribution in the Ukrainian and foreign markets.	SYR_SALE.DBF
30.	Information on fixed assets of the Issuer (depreciated cost).	OSN_ZASB.DBF, OSN_ZASB.DBT
31.	Information of the Issuer's liabilities.	ZOBOVYAZ.DBF, ZOBOVYAZ.DBT, Z_KREDIT.DBF, Z_KREDIT.DBT, Z_OBUG.DBF, Z_OBLIG.DBT, Z_INVEST.DBF, Z_INVEST.DBT
32.	Balance Sheet.	BP_A.DBF, BP_A.DBT, BP_P.DBF
33.	Report on financial results	FP.DBF, FP.DBT
34.	Report on flow of funds.	RK_1.DBF, RK_1.DBT, RK_2.DBF
35.	Report on own capital.	VK_1.DBF, VK_1.DBT, VK_2.DBF, VKJ.DBF
36.	Notes to the annual financial accounting.	F5_SHAPK.DBF, F5_OZ_1.DBF, F5_OZ_2.DBF, F5_OZ_3.DBF, F5_INSHE.DBF
37.	Report on issue, sake and circulation of securities.	CP_1.DBF, CP_1.DBT, CP_2.DBF, CP_3.DBF

#	Description of the document	Document file name
	<b>Documents attached to the report:</b> 1. Conclusion of the Audit Check in the written form. 2. Copy of the Minutes of the General Meeting of Shareholders	

Head of the Board Directors –  
Director General

Yesaulov Gennadiy Oleksandrovych

\_\_\_\_\_  
(position)

\_\_\_\_\_  
(name, first name)

(Signature)

the 19<sup>th</sup> of April, 2005

Seal:  
Ukraine city of Dnipropetrovs'k  
Open Joint-Stock Company  
"Nizhnedneprovsky Tube Rolling Plant"  
05393116

## BASIC INFORMATION ON THE ISSUER

### Identification Essential Elements, location and communications facilities of the Issuer

Full name	Open Joint-Stock Company "Nyzhnyodniprovsky Tube-Rolling Plant"
Short name	"NTZ", OJSC
Legal-organizational pattern	OPEN JOINT STOCK COMPANY
Code by YedROPU	05393116
Code of territory by KOATUU	1210137200
Territory (region)	Dnipropetrovs'k
City region	Industrial'nyy
Post Code	49081
Settlement	Dnipropetrovs'k
Street, house	Stoletova 21
Inter-city code and telephone	0562 35-93-01
Fax	34-91-08
E-mail	<a href="mailto:info@ntz.dp.ua">info@ntz.dp.ua</a>
WWW-address	<a href="http://www.ntz.com.ua">www.ntz.com.ua</a>

### Information on State Registration of the Issuer

Certificate #	No 1 224 120 0000 001344
Date of issue	the 28 <sup>th</sup> of December, 1994
Body having issued the Certificate	Executive Committee of Dnipropetrovs'k City Council
Registered Authorized Capital Stock (UAH)	13'471'250.00

### Banking Establishments Servicing the Issuer

Name of Bank (Branch Bank) servicing the Issuer by basic settlement account	JOINT-STOCK BANK "CREDIT-DNIPRO" CITY DNIPROPETROVS'K
Bank MFO	305749
Name of Bank (Branch Bank) servicing the Issuer by basic settlement account	JOINT-STOCK BANK "CREDIT-DNIPRO" CITY DNIPROPETROVS'K
Bank MFO	305749

## Basic Activity Categories

Code by KVED	Activity category
27.10.0	Ferrous metallurgy
27.22.0	Steel tubular industry
85.12.0	Medical practice
85.13.0	Stomatological practice
73.10.0	Researches and elaborations in the field of natural and technical sciences
51.70.0	Other kinds of wholesale trade

## Information on Licenses (Permits) obtained for some activity categories

Activity category	# of License (Permit)	Date of issue	State structure having issued the License	Date of termination of period of validity
Medical practice	AA # 625394	10.09.2003	Ministry of Health of Ukraine	09.07.2006
Purchasing, storage, issue of precursors (List 2 of Table IV) "List of drugs, psychotropic agents and precursors"	AA # 552435	26.09.2003	State Department in control of quality, safety and production of medical preparations and articles of medical destination	10.09.2006
For usage of radio-frequency resource of Ukraine	# 2124	21.03.2001	Ministry of Communications and Information of Ukraine	21.03.2006
For the right of operation of ground broadcasting station of land movable communications	# 12 - 1 - 17178	21.11.2003	State Inspection on Telecommunications in Dni-propetrov's'k region	21.03.2006
For the right of operation of ground broadcasting station of land movable communications	# 12 - 1 - 07127	19.11.2003	State Inspection on Telecommunications in Dni-propetrov's'k region	21.03.2006
Retail trade with strong drinks	AA # 092683	28.02.2005	State Tax Administration of Ukraine. Department in questions of administration of excise tax and control of production and circulation of the goods upon which the excise tax should be imposed.	28.02.2006
Retail trade with tobacco goods	AA # 093059	28.02.2005	State Tax Administration of Ukraine. Department in questions of administration of excise tax and control of production and circulation of the goods upon which the excise tax should be imposed.	28.02.2006
Rendering of training services by Educational Institutions connected to getting of vocational training up to the level of qualification requirements made to retraining and raising the level of skill	AA # 232126	31.10.2001	Ministry of Science and Education of Ukraine	01.07.2006

# Data as to Belonging of Issuer to any Associations of Enterprises

Name	Location (postal address)
<b>Associations:</b>	
There are no data available	There are no data available
<b>Corporations:</b>	
"Scientific-Production Investment Group "INTERPIPE"	1-A Pisarzhevs'kogo vul., Dnipropetrovs'k 49005 Ukraine
<b>Consortia:</b>	
Closed Joint-Stock Company "Inter-branch Consortium "INTERSPILAV"	1 Building, 10 Grayvorons'ka vul., Room of Board, Moscow 109518 Russia
Industrial and Financial Consortium "PRYDNIPROV'YA"	1-A Pisarzhevs'kogo vul., Dnipropetrovs'k 49005 Ukraine
Industrial and Financial Consortium "INVESTMENT-METALLURGICAL UNION"	11 Pankivs'ka vul. Kyiv 01033 Ukraine
<b>Concerns:</b>	
There are no data available	There are no data available
<b>Other Associations by branch, territorial and other principles:</b>	
Closed Joint Stock Company "PERVOMAYS'KE"	8 Plekhanova vul., Dnipropetrovs'k 49056 Ukraine
Ukrainian-Chinese Limited Liability Company with Foreign Investments "BOMONSHA"	21 Stoletova vul., Dnipropetrovs'k 49081 Ukraine
Ukrainian-Russian Limited Liability Company "LASTIVKA"	21 Stoletova vul., Dnipropetrovs'k 49081 Ukraine
Ukrainian-Israeli Limited Liability Company with Foreign Investments "DNI-Limited Liability Company with Foreign Investments "COURSE"	21 Stoletova vul., Dnipropetrovs'k 49081 Ukraine
Closed Joint-Stock Company "TRUBOIMPEKS"	175 Office, 99 Gagarin pr., Dnipropetrovs'k 49010 Ukraine
Closed Joint-Stock Company "METEKS"	1 Building, 15 Neprudnyy prov., Moscow 121110 Russia
Closed Joint Stock Company "CREDIT-DNIPRO"	5 Pogoril's'ky prov., Moscow 109017 Russia
Open Joint-Stock Company "DNIPROPETROVS'K VTORMET"	17 Lenin vul., Dnipropetrovs'k 49600 Ukraine
Open Joint-Stock Company "NIKOPOL'S'KYY FERROALLOY PLANT"	1 Lypova vul., Dnipropetrovs'k 49124 Ukraine
Association "UKRTRUBOPROM"	310 Electrometalurgiv vul., Nikopol' 53213 Ukraine
Limited Liability Company "LIME FACTORY"	1 Lenin pl., Dnipropetrovs'k 49600 Ukraine
Open Joint-Stock Company "National Joint-Stock Insurance Company "ORANTA"	21 Stoletova vul., Dnipropetrovs'k 49081 Ukraine
Member Charitable Organization "FUND OF SOCIAL RESCUE"	34-V Sichnevo Povstannya vul., Kyiv 01015 Ukraine
Egyptian Ukrainian Co. for Tractors & Pipes "EUT&P"	1-A Pisarzhevs'kogo vul., Dnipropetrovs'k 49005 Ukraine
"ITALUKRAINE TUBI" LTD COMPANY	18, El Obour Buildings, Salah Salem str., Cairo, Egypt
	Via G. Silva, Monza (MI), Italy, 34-20052

### Data on Holders of Securities of the Issuer

Number of Shareholders (Founders) -- legal persons	57
Share fraction belonging the legal persons of total amount of the ones (per cent)	92.446
Number of Shareholders (Founders) -- natural persons	7537
Share fraction belonging the natural persons of total amount of the ones (per cent)	7.554
Number of Forms of Security Certificates ordered (items)	15 000
including:	
- Share Certificates	15 000
- Bond Certificates	0
Number of Forms of Security Certificates ordered (items)	7171
including:	
- Share Certificates	7171
- Bond Certificates	0

### Information of Number of Employees and Enumeration of their Labour

Indices	Really for the period
Average accounting number of permanent employees of accounting staff (persons)	9609
Average number of part-time employees and the ones combining the jobs (persons)	18
Number of employees working on conditions half-time (day, week) (persons)	19
Labour Remuneration Fund -- totally (thousand UAH)	106004.8

### Data on Officials of the Issuer

Number	Post	Surname, name and patronymic	Year of birth	Education	Length of executive service (years)	Name of enterprise and previous post occupied
1	Chairman of Board	Yesaulov, Gennadiy Oleksandrovych	1951	Higher	11	"NTZ", OJSC Chairman of Board -- Director General
<b>Remarks:</b>						
2	Acting Chairman of Board	Yesaulov, Gennadiy Oleksandrovych has no uncanceled previous convictions for lucrative crimes or malfeasances in office.				
		Pols'kyy, Georgiy Mykhaylovych	1952	Higher	28	"NTZ", OJSC - Chief Engineer
<b>Remarks:</b>						
		Pols'kyy, Georgiy Mykhaylovych has no uncanceled previous convictions for lucrative crimes or malfeasances in office.				



Post	Surname, name and patronymic	Year of birth	Education	Length of executive service (years)	Name of enterprise and previous post occupied
Member of Board	Sokolova, Iryna Volodymyrivna	1963	Higher	10	«NTZ», OJSC, Chief Accountant
<b>Remarks:</b>	Sokolova, Iryna Volodymyrivna has no uncanceled previous convictions for lucrative crimes or malfeasances in office.				
Member of Board	Kozlovskyy, Al'fred Ivanovych	1929	Higher	47	«NTZ», OJSC, Director in Development – Director of Development Institution
<b>Remarks:</b>	Kozlovskyy, Al'fred Ivanovych has no uncanceled previous convictions for lucrative crimes or malfeasances in office.				
Member of Board	Kopayev, Evgen Mykolayovych	1960	Higher	5	«NTZ», OJSC, Superintendent of Tube-Rolling Shop # 4
<b>Remarks:</b>	Kopayev, Evgen Mykolayovych has no uncanceled previous convictions for lucrative crimes or malfeasances in office.				
Member of Board	Nakhod, Oleksandr Ivanovych	1977	Higher	4	«NTZ», OJSC, Engineer in finances and education
<b>Remarks:</b>	Nakhod, Oleksandr Ivanovych has no uncanceled previous convictions for lucrative crimes or malfeasances in office.				
Member of Board	Gorb, Evgen Vasylovych	1959	Higher	22	«NTZ», OJSC, Deputy Chief Engineer in wheel rolling mill
<b>Remarks:</b>	Gorb, Evgen Vasylovych has no uncanceled previous convictions for lucrative crimes or malfeasances in office.				
Member of Board	Besednov, Sergiy Viktorovych	1959	Higher	15	«NTZ», OJSC, Director in production and sale of produce
<b>Remarks:</b>	Besednov, Sergiy Viktorovych has no uncanceled previous convictions for lucrative crimes or malfeasances in office.				
Member of Board	Fedash, Olena Volodymyrivna	1963	Higher	11	«NTZ», OJSC, Director in personnel
<b>Remarks:</b>	Fedash, Olena Volodymyrivna				
Member of Board	Yerak, Vilodymyr Mykolayovych	1967	Higher	7	«NTZ», OJSC, Superintendent of Open-Hearth Plant
<b>Remarks:</b>	Yerak, Vilodymyr Mykolayovych				
Member of Board	Akhremenko, Vitaliy Oleksiyovych	1953	Higher	28	«NTZ», OJSC, Director in Security
<b>Remarks:</b>	Akhremenko, Vitaliy Oleksiyovych has no uncanceled previous convictions for lucrative crimes or malfeasances in office.				
Head of Auditing Commission	Melykidze, Oleksiy Oleksandrovych	1938	Higher	41	«NTZ», OJSC, Head of Management of Information Technologies and Communications
<b>Remarks:</b>	Melykidze, Oleksiy Oleksandrovych has no uncanceled previous convictions for lucrative crimes or malfeasances in office.				
Head of Supervisory Board	Kirichko, Oleksandr Ivanovych	1965	Higher	12	Corporation NVIG "Interpipe", Counselor of Chairman of Board
<b>Remarks:</b>	Kirichko, Oleksandr Ivanovych is a representative of Shareholder – Limited Liability Company "Kuvera" and has no uncanceled previous convictions for lucrative crimes or malfeasances in office.				

Number	Post	Surname, name and patronymic	Year of birth	Education	Length of executive service (years)	Name of enterprise and previous post occupied
14	Deputy Head of Supervisory Board	Bondarenko, Lyudmyla Grygorivna	1954	Incomplete higher	6	«NTZ», OJSC, Head of Investment Department
	<b>Remarks:</b>	Bondarenko, Lyudmyla Grygorivna has no uncanceled previous convictions for lucrative crimes or malfeasances in office.				
15	Member of Supervisory Board	Troyan, Ol'ga Sergiyivna	1959	Higher	10	Corporation NVIG "Interpipe", Director of Financial Board
	<b>Remarks:</b>	Troyan, Ol'ga Sergiyivna is representative of Shareholder "ALLIED STEEL HOLDING B.V." and has no uncanceled previous convictions for lucrative crimes or malfeasances in office.				
16	Member of Supervisory Board	Mel'nychuk, Larysa Yuriyivna	1962	Higher	10	Kyyiv Branch of Corporation NVIG "Interpipe", Head of Department of Management of Corporate Business Rights of Board of Property Management
	<b>Remarks:</b>	Mel'nychuk, Larysa Yuriyivna is representative of Shareholder - Closed Joint-Stock Insurance Company "AURA" and has no uncanceled previous convictions for lucrative crimes or malfeasances in office.				
17	Member of Supervisory Board	Troyan, Mykhaylo Mykhaylovych	1956	Higher	10	Kyyiv Branch of Corporation NVIG "Interpipe", Head of Department of Management of Corporate Business Rights of Board of Property Management
	<b>Remarks:</b>	Troyan, Mykhaylo Mykhaylovych is representative of Shareholder - Limited Liability Company "Prydniprov'ya" and has no uncanceled previous convictions for lucrative crimes or malfeasances in office.				
18	Member of Supervisory Board	Korotkov, Andriy Mykolayovych	1965	Higher	8	Corporation NVIG "Interpipe" Head of Administration of Industrial Enterprises of Tube Board
	<b>Remarks:</b>	Korotkov, Andriy Mykolayovych and has no uncanceled previous convictions for lucrative crimes or malfeasances in office.				
19	Member of Supervisory Board	Krykun, Genadiy Tarasovych	1966	Higher	6	Kyyiv Branch of Corporation NVIG "Interpipe", Head of Department of Management of Corporate Business Rights of Board of Property Management
	<b>Remarks:</b>	Krykun, Genadiy Tarasovych is representative of Shareholder - Limited Liability Company "Credit-Dnipro-Invest" and has no uncanceled previous convictions for lucrative crimes or malfeasances in office.				
20	Chief Accountant	Sokolova, Iryna Volodymyrivna	1963	Higher	10	«NTZ», OJSC, Chief Accountant
	<b>Remarks:</b>	Sokolova, Iryna Volodymyrivna has no uncanceled previous convictions for lucrative crimes or malfeasances in office.				

### Information on Persons Holding 5 per cent and more Issuer's Shares

Name of legal person	Code by YedROPU	Location	Date of entering in the Register	Number of shares (items)	Fraction of total number of shares (per cent)	Number by share categories		
						nominal shares	ordinary shares	preference shares payable to bearer
"ALLIED STEEL HOLDING B.V."		Professor J.H. Bavincklaan 7 1183 AT Amstelveen the Netherlands	17/05/2001	12869366	23.8830	12869366	0	0
"BLUMBERG INDUSTRIES LLC"		9, East Lockerman Street, Dover, Delaware, USA, 19901	11/05/2001	5246244	9.7360	5246244	0	0
"ROSEN ASSET MANAGEMENT S.A."		L-1946, Luxembourg, 9-11 Rue de Louvigni, Principedom of Luxembourg	30/03/2001	4849650	9,0000	4849650	0	0
Limited Liability Company Firm "Kuvera"	31792801	1-A Pisarzhevs'kogo vul., Dnipropetrovs'k 49005 Ukraine	31/12/2002	5334615	9.9000	5334615	0	0
Limited Liability Company "ABIKO"	21927534	16 Olesya Gonchara vul., Dnipropetrovs'k 49600 Ukraine	30/03/2001	4748277	8.8119	4748277	0	0
Joint-Stock Bank "ING Bank Ukraine" (nominal Holder)	21684818	the 5 <sup>th</sup> floor 28 Kominternu vul., Kyiv 01001 Ukraine	30/03/2001	6936011	12.8719	6936011	0	0
Open Joint-Stock Company "Interregional Stock Ukion" (nominal Holder)	24917996	7-B Vetrova vul., Kyiv 01001 Ukraine	30/03/2001	6149625	11.4125	6149625	0	0
Natural's person name, surname and patronymic			Date of entering in the Register	Number of shares (items)	Fraction of total number of shares (per cent)	nominal shares	ordinary shares	preference shares payable to bearer
There are no data available			There are no data available	0	0	0	0	0
Totally:				46133788	85.6152	46133788	0	0

### Data on the Issuer's Shares Held by the Issuer's officials

Post	Official's name, surname and patronymic	Date of entering in the Register	Amount of shares (item)	Of total amount of shares (per cent)	Number by share categories		
					nominal shares	ordinary shares	preference shares payable to bearer
Chairman of Board	Yesaulov, Gennadiy Oleksandrovych	30/03/2001	19920	0.04	19920	0	0
Acting Chairman of Board	Pol's'kyi, Georgiy Mykhaylovych	00/00/0000	0	0	0	0	0

Post	Official's name, surname and patronymic	Date of entering in the Register	Amount of shares (item)	Of total amount of shares (per cent)	Number by share categories			
					nominal shares	ordinary shares	preference shares	preference shares payable to bearer
Member of Board	Sokolova, Iryna Volodymyrivna	00/00/0000	0	0	0	0	0	0
Member of Board	Kozlovsky, Alfred Ivanovych	30/03/2001	2014233	3.74	2014233	0	0	0
Member of Board	Kopayev, Evgen Mykolayovych	00/00/0000	0	0	0	0	0	0
Member of Board	Nakhod, Oleksandr Ivanovych	00/00/0000	0	0	0	0	0	0
Member of Board	Gorb, Evgen Vasylovych	30/03/2001	15955	0.03	15955	0	0	0
Member of Board	Besednov, Sergiy Viktorovych	30/03/2001	495	0.00	495	0	0	0
Member of Board	Yerak, Vilodymyr Mykolayovych	00/00/0000	0	0	0	0	0	0
Member of Board	Fedash, Olena Volodymyrivna	00/00/0000	0	0	0	0	0	0
Member of Board	Akhremenko, Vitaliy Oleksiyovych	30/03/2001	1000	0.00	1000	0	0	0
Head of Auditing Commission	Melykidze, Oleksiy Oleksandrovych	30/03/2001	181	0.00	181	0	0	0
Head of Supervisory Board	Kirichko, Oleksandr Ivanovych							
Deputy Head of Supervisory Board	Bondarenko, Lyudmyla Grygorivna	30/03/2001	100	0.00	100	0	0	0
Member of Supervisory Board	Troyan, Ol'ga Sergiyivna							
Member of Supervisory Board	Mel'nychuk, Larysa Yuriyivna							
Member of Supervisory Board	Troyan, Mykhaylo Mykhaylovych							
Member of Supervisory Board	Krykun, Genadiy Tarasovych							
Member of Supervisory Board	Korotkov, Andriy Mykolayovych	24/03/2004	5	0.00	5	0	0	0
Chief Accountant	Sokolova, Iryna Volodymyrivna	00/00/0000	0	0	0	0	0	0
Totally:			2 051 889	3.807	2 051 889	0	0	0

### Information on the Last –Time Publication of the Issuer's Report

Publication	WEB-site Company "Stock Market Agency" за адресом: www.smau.com.ua
Subscription index	There are no data available
Тираж	There are no data available
Date of Report publication	the 13 <sup>th</sup> of September, 2004

### Information on Stockholders Meeting (for Open Joint-Stock Company)

Type of Meeting	ordinary	extraordinary
Place of holding	X	
Date of holding	«NTZ», OJSC, Conference Hall of Plant Management 21 Stoletova vul., Dnipropetrovsk 49081 Ukraine	
Quorum of Meeting (per cent)	April 8, 2005	
Questions of Agenda:	82.8749	
	<p>1. Approval of Report of Chairman of Board on results of activity for 2004 and approval of new lines of the Company's activity in 2005.</p> <p>2. Approval of report and Conclusions of Auditing Commission of the Company by results of carrying out of inspections of the Company's financial and economic activity for 2004.</p> <p>3. Approval of annual Financial Accounts for 2004, the results of inspections of the Company's financial and economic activity for 2004.</p> <p>4. Approval of procedure of distribution of profits, term and procedure of dividend payment</p> <p>5. Approval of basic indices of the Company's financial and economic activity for 2004.</p> <p>6. Insertion of changes into the Company By-Law.</p> <p>7. Recall and election of members of Supervisory Board of the Company.</p> <p>8. Recall and election of members of the Board.</p>	

### Information on Dividends

Date of closing out of the Roll for dividend payment. (if the ones is to be paid)	May 24, 2004
Date of commencement of dividend payment	May 24, 2004
Date of finishing of dividend payment	December 31, 2004

### Information on Substantial Facts having Happened within a Year

Date of Note registration	Brief Description
March 29, 2004	Note on changes in the staff of the Issuer's officials
August 31, 2004	Note on decision-making on paper issue exceeding 50 per cent of the Authorized Capital Stock or the sum of permanent circulating assets of the Issuer.
April 12, 2005	Note on changes in the staff of the Issuer's officials

**Legal Person Carrying out Depositary Activity in Keeping of  
Registered Securities Holders Register**

Name	Limited Liability Company "Alfa - Invest"
Organization and Legal form	Limited Liability Company
Code by YedROPU	24995460
Territory Code by KOATUU	1210136600
Territory (region)	Dnipropetrovs'k
Region	Babushkyns'ky
Post index	49600
Settlement	City of Dnipropetrovs'k
Street, building	17 / 96 Lenina vul.
Inter-city code and telephone	(0562) 36-13-54
Fax	(0562) 36-13-54
E-mail	ALFA@kdb.dp.ua
WWW-address	Has no WEB – site of its own in the Internet network
License (Permit) # for this activity category	AA # 770057
Date of License (Permit) issue	March 26, 2004
State Structure having issued the License	State Commission in Securities and Stock Market

**Auditor (the Auditing Company),  
Rendering the Issuer its Auditing Services**

Name	Auditing Company "Insider-Centre"
Organization and legal form	Limited Liability Company
Code by YedROPU	31154676
Код території за КОАТУУ(СПАТО)	1210136600
Territory (region)	Dnipropetrovs'k
Region	Babushkyns'ky
Post index	49600
Settlement	city of Dnipropetrovs'k
Street, building	29-A Lenin Naberezhna vul.
Inter-city code and telephone	(0562) 371-61-40 (42)
Fax	(0562) 744-33-06
E-mail	root@insider.dp.ua
WWW-address	Has no WEB – site of its own in the Internet network
License (Permit) # for this activity category	2459
Date of License (Permit) issue	January 26, 2001
State Structure having issued the License	Auditing Chamber of Ukraine

**Auditor (the Auditing Company),  
Rendering the Issuer its Auditing Services**

Name	Closed Joint-Stock Company "Ernst and Young Ukraudit"
Organization and Legal form	Closed Joint-Stock Company
Code by YedROPU	21644227
Code territory by KOATUU (SPATO)	8038200000
Territory (region)	Kyyiv
Region	Pechers'kyy
Post index	01001
Settlement	city of Kyyiv
Street, building	19-A Khreshchatyk vul.
Inter-city code and telephone	(044) 490-30-00
Fax	(044) 490-30-30
E-mail	<a href="mailto:kyiv@ua.ey.com">kyiv@ua.ey.com</a>
WWW-address	<a href="http://www.ey.com/ukraine">www.ey.com/ukraine</a>
License (Permit) # for this activity category	0318
Date of License (Permit) issue	January 26, 2001
State Structure having issued the License	Auditing Chamber of Ukraine

**Auditor (the Auditing Company),  
Rendering the Issuer its Auditing Services**

Name	Closed Joint-Stock Company "Ernst and Young Ukraudit"
Organization and Legal form	Closed Joint-Stock Company
Code by YedROPU	14305178
Code territory by KOATUU (SPATO)	8038200000
Territory (region)	Kyyiv
Region	Pechers'kyy
Post index	01001
Settlement	city of Kyyiv
Street, building	19-A Khreshchatyk vul.
Inter-city code and telephone	(044) 490-30-00
Fax	(044) 490-30-30
E-mail	<a href="mailto:kyiv@ua.ey.com">kyiv@ua.ey.com</a>
WWW-address	<a href="http://www.ey.com/ukraine">www.ey.com/ukraine</a>
License (Permit) # for this activity category	There are no data available
Date of License (Permit) issue	There are no data available
State Structure having issued the License	There are no data available

### Legal Person Carrying out Professional Depositary Activity of Depositary

Name	Closed Joint-Stock Company Joint-Stock Bank "Credit – Dnipro"
Organization and legal form	Closed Joint-Stock Company
Code by YedROPU	14352406
Territory code KOATUU (SPATO)	1240136600
Territory (region)	Dnipropetrovs'k
Region	Babushkyns'ky
Post index	49600
Settlement	City of Dnipropetrovs'k
Street, building	17 Street. Lenin
Inter-city code and telephone	(0562) 770-05-81
Fax	(0562) 770-05-81
E-mail	<a href="mailto:Admin@kdb.dp.ua">Admin@kdb.dp.ua</a>
WWW-address	<a href="http://www.creditdnepr.com">www.creditdnepr.com</a>
License (Permit) # for this activity category	AA # 770445
Date of License (Permit) issue	October 15, 2004
State Structure having issued the License	State Commission in Securities and Stock Market

### Legal Person Carrying out Professional Depositary Activity of Depositary

Name	Joint-Stock-Credit Bank of social development "Ukrsotsbank"
Organization and Legal form	Open Joint-Stock Company
Code by YedROPU	00039019
Territory code KOATUU (SPATO)	8038500000
Territory (region)	Kyyiv
Region	Podil's'ky
Post index	03150
Settlement	city of Kyyiv
Street, building	29 Kovpaka vul.
Inter-city code and telephone	(044) 230-32-43
Fax	(044) 230-32-58
E-mail	<a href="mailto:info@Ukrsotsbank.com">info@Ukrsotsbank.com</a>
WWW- address	<a href="http://www.usb.com.ua">www.usb.com.ua</a>
License (Permit) # for this activity category	AB # 113003
Date of License (Permit) issue	October 12, 2004
State Structure having issued the License	State Commission in Securities and Stock Market



### Legal Person Authorized by the Issuer to Pay Revenue by its Securities

Name	Closed Joint-Stock Company Joint-Stock Bank "Credit – Dnipro"
Organization and legal form	Closed Joint-Stock Company
Code by YedROPU	14352406
Territory code KOATUU (SPATO)	1240136600
Territory (region)	Dnipropetrovs'k
Region	Babushkyns'kyy
Post index	49600
Settlement	City of Dnipropetrovs'k
Street, building	17 Street. Lenin
Inter-city code and telephone	(0562) 744-22-27
Fax	(0562) 32-33-18
E-mail	<a href="mailto:Admin@kdb.dp.ua">Admin@kdb.dp.ua</a>
WWW- address	<a href="http://www.creditdnepr.com">www.creditdnepr.com</a>
License (Permit) # for this activity category	70
Date of License (Permit) issue	December 24, 2004
State Structure having issued the License	State Commission in Securities and Stock Market

## DATA ON THE ISSUER'S SECURITY

### Data on share issues

Date of registration of emission	Number of Certificate on Registration of Emission	Name of Body having registered the emission	Share category	Form of issue	Nominal value (UAH)	Number of shares (items)	Sum by nominal (UAH.)	Fraction in the Authorized Capital Stock
18/04/2001	164/1/01	State Commission in securities and Stock market	Ordinary nominal	Documentary	0.25	53885000	13471250.00	100.00

### Information on the Issuer's bonds (per each outstanding bond issue)

#### 1. Interest-bearing Bonds

Date of registration of emission	Number of Certificate on Registration of Emission	Name of Body having registered the emission	Nominal value (UAH)	Number in the issue (items)	Form of issue	Amount of issue by nominal (UAH)	Interest rate (per cent)	Term of payment of interest	Date of retirement of bonds
There are no data available	There are no data available	There are no data available	There are no data available	There are no data available	There are no data available	There are no data available	There are no data available	There are no data available	There are no data available
<b>Remarks:</b>		There were no data on interest-bearing bonds in the Chapter "Information on the Issuer's bonds" (per each outstanding bond issue) because the Company didn't carry bond issue out.							

#### 2. Discount Bonds

Date of registration of emission	Number of Certificate on Registration of Emission	Name of Body having registered the emission	Nominal value (UAH)	Number in the issue (items)	Form of issue	Amount of issue by nominal (UAH)	Date of retirement of bonds
There are no data available	There are no data available	There are no data available	There are no data available	There are no data available	There are no data available	There are no data available	There are no data available
<b>Remarks:</b>		There were no data on discount bonds in the Chapter "Information on the Issuer's bonds" (per each outstanding bond issue) because the Company didn't carry bond issue out.					

### 3. Target Passive Bonds

Date of registration of emission	Number of Certificate on Registration of Emission	Name of Body having registered the emission	Nominal value (UAH)	Number in the issue (items)	Form of issue	Amount of issue by nominal (UAH)	Name of goods (service) by which the emission was carried out	Date of retirement of bonds
There are no data available	There are no data available	There are no data available	There are no data available	There are no data available	There are no data available	There are no data available	There are no data available	There are no data available
<b>Remarks:</b>		There were no data on target passive bonds in the Chapter "Information on the Issuer's bonds" (per each outstanding bond issue) because the Company didn't carry bond issue out.						

### Information on other Securities put out by the Issuer (emission of which isn't liable to Registration)

Date of emission	Security category	Amount of issue	Amount of securities distributed by date (UAH)	reporting	Conditions of circulation and retirement	Remarks:
There are no data available	There are no data available	0.00	0.00		There are no data available	There were no data in the Chapter "Information on other securities put out by the Issuer" (which emission is liable to registration) because the Company didn't carry out any other capital issues.

### DATA ON THE COMPANY'S SHARE ISSUES

The Authorized Capital Stock of the Company makes 13 471 520 (thirteen million four hundred seventy one thousand and two hundred and fifty) UAH. The Authorized Capital Stock is divided by 53 885 000 (fifty three million eight hundred and eighty five thousand) of ordinary nominal shares with their nominal value being 0.25 UAH per each.

Primary allocation of shares is carried out in accordance with Constituent Agreement # 72-AT of the 28<sup>th</sup> of December, 1994. While further re-allocation of shares no any changes are inserted into the Constituent Agreement.

The Company issues ordinary nominal shares in documentary form in the amount of its Authorized Capital Stock in accordance with legislation of Ukraine and requirements established by State Commission in Securities and Stock market.

The first emission was carried out in course of privatization of the Company by dint of issue of 21 554 000 (twenty one million five hundred and fifty four thousand) items of ordinary nominal shares with their nominal value making 0.25 UAH per each to the total amount of 5 388 500 (five million three hundred and eighty-eight and five hundred) UAH.

There was obtained the Certificate # 2/1/95 of the 4<sup>th</sup> of January, 1995 for the first share issue put out by Ministry of Finance of Ukraine. There was executed Re-registration of Share Issue while there was obtained the Certificate on Registration of Issue of Securities # 142/04/1/98 of the 16<sup>th</sup> of July, 1998 issued by Dnipropetrovsk Territorial Board of State Commission in Securities and Stock market in accordance with requirements of State Commission in Securities and Stock market as to bringing of forms of issue of securities into line with Legislation in force.

Privatization of the Company is finished (Order of State Property Fund of Ukraine # 1397 of the 8<sup>th</sup> of December, 1997 "On finishing of privatization procedure of Open Joint-Stock Company "Nizhnedneprovsky Tube-Rolling Plant").

There was made a decision on carrying out of additional (the second) share issue at the Extraordinary Meeting of the Company's Stockholders having been held on the 26 of December, 2000. All the Shareholders of the Company enjoyed preference for purchasing of shares issued additionally pro rata their fraction in the Authorized Capital Stock by date of decision-making on share issue.

Subscription for shares of the additional (the second) issue was carried out in accordance with conditions of share issue adopted by Extraordinary Meeting of the Company's Stockholders of the 26 of December 2000 while being ceased preliminary due to attaining of planned amount of emission making 32 331 000 (thirty two million three hundred and thirty one thousand) of shares while subscription.

Subscription for the Company's shares took place in two stages:

- the Shareholders' preference for purchasing of shares issued additionally in the amount pro rata their fraction in the Authorized Capital Stock by date of decision-making on share issue was realized while the first stage;
- the right of other Investors for purchasing of shares issued additionally and the one of existing Shareholders in the amount exceeding the number of shares buying which the Shareholder has realized his preference was brought about at the second stage. And at the same time, the Company's Shareholders enjoyed the preference for purchasing of shares issued additionally at the second stage.

The shares of additional issue are liable to circulation in accordance with Legislation of Ukraine in force.

There was registered additional (the second) share issue while the Certificate on registration of issue of securities (taking into account the last issue) # 164/1/01 of the 18<sup>th</sup> of April, 2000 was put out by State Commission in Securities and Stock market in accordance with requirements of State Commission in Securities and Stock market as to procedure of registration of issue of shares and bonds of enterprises and information on their issue.

Additional (the second) issue of securities gives the Holders of these securities the rights equal to the ones given by the securities issued previously, that's why the following information is similar for both of issues:

#### **Share category**

Ordinary nominal ones

#### **Series (class) of shares and the rights given to their Holders differing from the ones given to the Holders of shares of other series**

All of the Holders of shares of these series enjoy the equal rights.

#### **Conditions of converting of shares of given series into other Company's shares**

There wasn't stipulated conversion of the shares issued.

#### **Fraction of shares this series in the structure of Authorized Capital Stock**

100 per cent

#### **Right for collection of dividends**

The General Meeting of the Company establishes the term and procedure of dividend payment. The dividends by shares are paid to Shareholders by the upon the results of calendar year annually pro rata the shares they have been holding within the bounds of amount approved by the General Meeting.

The Company enjoys right neither to declare nor to pay the dividends:

- till full payment of the Authorized Capital Stock;
- when depreciation of net wealth of the Company to the amount lesser the one of the Authorized Capital Stock and Surplus Fund;
- in other cases established by the Law.

The right to get a part of profit (dividends) pro rata the fraction in the Authorized Capital Stock is given to the persons being Shareholders of the Company at the beginning of term of dividend payment. Payment of dividends to the legal persons takes place by dint of money transfer to their accounts or in other way in accordance with Decision of the Stockholders Meeting. Payment of dividends to the natural persons may take place by dint of money transfer to their accounts through the pay desk of the Company or in other way in accordance with Decision of the Stockholders Meeting.

The dividends haven't been got are deposited.

#### **Norm of dividend per share if being established as well as whether the dividend is a cumulative one**

Norm of dividends per share isn't established. The dividends aren't cumulative.

#### **The amount of dividends having been paid by given series of shares pending the last three years**

In 2002 the Company has paid its Shareholders 6 153 000 (six million one hundred and fifty three thousand) by results of financial and economic activity for 2001.

In 2003 the profit gained was directed to the Equity Capital for production development in full in accordance with Decision of the Stockholders Meeting (Minutes # 8 of the 19<sup>th</sup> of June, 2003). While the financial year there continued payment of dividends either deposited or uncollected in time by results of financial and economic activity of the Company for 1999 – 2001 and there were paid 98 000 (ninety-eight thousand) UAH of dividends to its Shareholders.

In 2004 the Company paid 2 694 000 (two million six hundred and ninety-four thousand) UAH of dividends to its Shareholders by results of financial and economic activity for 2003. While the financial year 2003 was not closed, there continued payment of dividends either deposited or uncollected in time by results of financial and economic activity of the Company for 1999 – 2001.

When payment of taxes per dividends the Company was guided by the Law of Ukraine "On taxation of profit of the enterprises" # 334/94-VR of the 28<sup>th</sup> of December, 1994 with all the Changes and Addenda and the Law of Ukraine "On tax levied from the natural persons' incomes" # 889-IV of the 22<sup>nd</sup> of May, 2003 with all the Changes and Addenda.

When the Stockholders Meeting having been held on the 8<sup>th</sup> of April, 2005 (Minutes # 10 of the 8<sup>th</sup> of April 2005), there was made a Decision to direct the entire sum of net profit gained in the amount of 102 663 thousand UAH to the Equity Capital of the Company for production development. The term and procedure of dividend payment aren't approved because the profit isn't distributed to the Dividend Fund.

#### **Number of shares necessary for voting at the Stockholders Meeting**

Voting at the Stockholders Meeting is carried out by the principle a share – a vote.

#### **Shareholders' rights when liquidation of the Company**

To get a part of the Company's property pro rata nominal value of the Company's shares having been held by them in accordance with Legislation of Ukraine in force.

#### **Conditions of redemption of the Company's shares**

The Company has to redeem its shares in accordance with procedure stipulated by Legislation of Ukraine. The shares stated should be either sold or annulled within the term non-exceeding a year.

#### **Number of shares and total sum of money spent by the Company for redemption of own shares**

Redemption of own shares didn't take place.

### **INFORMATION OF HOME AND FOREIGN MARKETS WHERE THE SECURITY TRADING TAKES PLACE**

Opened Joint-Stock Company "Nyzhnyodniprovskyy Tube-Rolling Plant" ranks among the first seven Ukrainian enterprises which securities were included to the First Level of Listing of the First Stock Trade System (further in text FSTS) since the 1<sup>st</sup> of October, 1977 in accordance with Decision of Trade Committee of the 24<sup>th</sup> of September, 1977.

The Company and Public Enterprise "Technical Centre of the First Stock Trade System" have entered into Agreement on support of Listing on the 8<sup>th</sup> of September, 1999 in order of fulfillment of Decisions of State Commissions in Securities and Stock market # 141 of the 6<sup>th</sup> of July, 1999 and # 215 of the 30<sup>th</sup> of December, 1998. The Company's securities were included to the Quotation List of the First Level in accordance with Provisions of Agreement on support of Listing.

While 2004 the Ukrainian market of shares has been oriented for the rise in prices notwithstanding unsettled dynamics of trading volumes of securities in the First Stock Trade System at the beginning of 2004. Really, there happened permanent fluctuations of trading volumes of securities in the First Stock Trade System. There was observed the situation when which the rise in prices for shares took place upon the condition of unsettlement of trading volumes. And at the same time, the prices rise, and fluctuation of trading volumes took place. The reason of this was to a greater extent stipulated by such circumstance that purchase and sale of shares took place upon conditions of absence of settled demand for Ukrainian shares as among the Ukrainian so among the foreign Investors. Thus, selling values of the Company's shares fluctuate from 4.80 UAH per one to 9.00 UAH, while the purchase prices fluctuate from 5.10 UAH per one to 12.20 UAH per a share. However, braking of rate of increasing of share prices happened already in the middle of April and since May one could observe a price-cutting tendency.

The trading volumes of the Company's securities for the period since the 7<sup>th</sup> of February, 1997 till the 27<sup>th</sup> of August, 2004 made up 105.45 million UAH. Capitalization of Company for the period since the 8<sup>th</sup> of January, 2004 till the 26<sup>th</sup> of August, 2004 has increased by 15.8 per cent up to 315.23 million UAH. The Company's shares are characterized by the following dynamics: abrupt rise in prices for short periods of time and then their prolonged and slow reduction.

At the end of August after making of Decision by Stockholders Meeting of the Company on increase of the Authorized capital Stock by 300 million there were fixed a sharp reduction of prices of demand and supply by the Company's shares (by 90 per cent to 0.5 UAH/share and 62.7 per cent to 2.5 UAH/share correspondingly) and abrupt reduction of liquidity in the sector of shares Opened Joint-Stock Company "Nizhnedneprovskyy Tube-Rolling Plant": on the 27<sup>th</sup> of August, 2004 capitalization of the Company has reduced by 82.9 per cent from 315.23 million UAH to 53.89 million UAH per a day.

The First Stock Trade System has transferred the Company's shares from the Quotation List of the First Level to the Quotation List of the Third Level since the 30<sup>th</sup> of August, 2004 basing on these reasons and in compliance with requirements of Trade Code of the First Stock Trade System and Provision on non-approval of the results of subscription for the shares of new issue because of failure to attain the planned volume of shares.

At the end of 2004 when the Stockholders Meeting of the Company made a Decision on non-approval of the results of subscription for the shares of new issue because of failure to attain the planned volume of shares, there happened a considerable rise of demand for the Company's shares. The trading volumes of shares were closely corrected by raise of prices for them. Upon such conditions the rise in prices was rapid. The prices for the Company's shares have risen from 0.8-2.1 UAH/per a share to 4.56-9.4 UAH/per a share. Situation of investment boom made for rise of share prices due to existence of which daily rise in prices promoted for their further increase.

Purchase price of the Company's shares makes about 23 UAH upon nominal today's value being of 0.25 UAH. The selling value is approximated to 25 UAH. But nevertheless the stock price changes from time to time while being influenced by the information on the Company's activity. The state of affairs having arisen at the Ukrainian market of shares has formed a new investment level. The price level for shares having been attained has fixed new price parts for the Company's shares. The Company's stock price depends upon economic circumstances arising at the enterprises and the analysts consider these shares to be the object for stable and rhythmical investments. Due to substantial rise of the Company's purchase and sale share prices, the First Stock Trade System has transferred the Company's shares from the Quotation List of the Third Level to the Quotation List of the Second Stock Trade System.

Information on quotation of the Company's ordinary nominal shares in the Trading System of the First Stock Trade System is cited in the Table # 1:

Table # 1

**Information on Quotation of the Company's ordinary nominal shares in the Trading System of the First Stock Trade System is**  
(source of information – "Information on quotation for the Company's securities" arriving by e-mail to the Company's E-Mail by results of trade session in the trading network of the First Stock Trade System)

Sale and purchase				
	I - quarter	II - quarter	III - quarter	IV - quarter
<b>2003</b>				
Minimum price (UAH)	0.55	1.50	3.22	2.05
Maximum price (UAH)	6.00	4.20	4.40	6.65
<b>2004</b>				
Minimum price (UAH)	4.60	7.40	0.32	0.70
Maximum price (UAH)	8.10	10.00	6.70	11.70

Rapid increase of auction volumes and of prices for Ukrainian shares at the end of 2004 has shown that National Stock Market increases its turnovers after long stagnation period. Many foreign investors regard purchasing of the Ukrainian shares as positive and prospective.

The Company's shares are stable enough at the secondary market among the dealers publishing their quotations in the "Ukrainian Investment Paper" and other sources of information. Information on minimum and maximum prices fixed in the Agreements of Dealers in securities are cited in the Table 2:

Table # 2

**Information on the minimum and maximum price that has been fixed in the stock jobbers' deals**

Sale and purchase				
	I - quarter	II - quarter	III - quarter	IV - quarter
<b>2003</b>				
Minimum price (UAH)	0.01	0.01	0.01	0.25
Maximum price (UAH)	1.40	3.50	3.29	6.48
<b>2004</b>				
Minimum price (UAH)	3.00	3.00	3.55	0.50
Maximum price (UAH)	7.00	7.35	7.00	9.10

In 2005 the Dealer's in securities encountered the problem to assure high level of investment demand while non-permitting the price-cutting lower the level having been attained by the end of 2004. This first cause all lies in perfection of procedure of purchase and sale of shares at the First Stock Trade System; engagement of new Investors and non-institution ones desirably; increase of number of private Investors as well as the shares being of stable demand at the First Stock Trade System. This may bring to formation of new milieu at the market of shares with new shares and larger number of Issuers in the long run.

The Company's shares were included to the average basket of the First Stock Trade System (FSTS-average) since the 1<sup>st</sup> of February, 2005. Inclusion to the average is the evidence of the fact that the Company is one of the most liquid ones at the Ukrainian Stock Market being a one of the Companies with the largest market capitalization.

In 1999 the Company among five largest enterprises has realized the Program of issue of American Depositary Receipts of the I level . The Program is realized together with Bank of New York. The Program ADR of the I level is the simplest and the cheapest way to enter the Equity Market of USA with the shares already being in open circulation. The Company isn't fully registered in SEC (American Commission on securities in USA) in accordance with the Law of USA on the securities of 1934 with Changes and Addenda.

Depository Receipts for the Company's shares circulate at the over the counter market of USA being sold through the "Bulletin Board" and daily Reference Book "Pink Pages". General characteristics of Program ADR of the I level for the Company's shares is cited in the following pages:

Name of the Company	Класифікація Program of Depository Receipts (DR)	Quotation place in USA	Ratio DR : shares	Currency in which DR being nomi- nated	Depository Bank	Date of issue of DR
Open Joint-Stock Company "Nizhnedneprovsky Tube- Rolling Plant"	ADR-I	OTC *	1 : 6	\$	The Bank of New York	April 1999

\* - Over the counter Market – позабіржовий ринок.

The depository receipts of Ukrainian enterprises (including Open Joint-Stock Company "Nizhnedneprovsky Tube-Rolling Plant") are actively quoted at Berlin Stock Exchange.

The Company is freed from submission of regular reports and information to SEC in accordance with the Rule 12g3-2(b) of Law of USA "On Stock Exchanges" of 1934. The Bank of New York fulfilling the function of information of wide circle of participants of Equity Market on realization the Program of issue of Depository Receipts distributes so-called "ADR Announcements" through the printing mass media as well as through the Internet-network. In particular, there are "ADR Announcements" on the issue of the Company's Depository Receipts of the I level at the site of the Bank of New York ([www.bankofny.com](http://www.bankofny.com))

The Company used the Program ADR of the I level for achievement of the purpose – to raise the liquidity of shares and with the view of receiving of maximum real price for shares, to establish the relation with Investors and to begin setting up of basic group of own American Investors at that.

Management of the Company understands that the aforesaid are only the first steps for getting to the American market.

Introduction of the Program ADR of the II and the III levels have more important advantages, that is, inclusion of shares to the Listing and the Stock Market of developed countries along with involuntary raising of liquidity and capital formation by dint of additional issues with the help of American Depository receipts, But, unfortunately, this is very complicated, labourious, long and not in the least cheap procedure which is beyond our capacity now.

## BUSINESS DESCRIPTION

### Basic factors influencing upon the Issuer's activity

Group of factors	Problem description	Degree of influence upon the Issuer's activity*			Which of alterations forecasting are to influence upon the enterprise
		minor influence	average influence	substantial influence	
Political	Production and sale of basic kinds of production		x		x
Financial and economic	Production and sale of basic kinds of production			x	x
Production and technological	Production and sale of basic kinds of production			x	x
Social	Production and sale of basic kinds of production	x			x
Ecological	Production and sale of basic kinds of production	x			x
Remarks:	<p>The Company's activity mainly depends upon the ups and downs of market opportunities of sale of tubes and wheels including:</p> <p>BY TUBES:</p> <ul style="list-style-type: none"> <li>- slow rate of increase of volume of use of the Company's produce in gas-and-oil producing and engineering industries in the Ukraine;</li> <li>- quotation of supplies to the Russian federation.</li> </ul> <p>BY WHEELS AND RAILWAY-WHEEL TREADS:</p> <ul style="list-style-type: none"> <li>- reduction of usage of the wheels produced by the Company at the car-building enterprises of Ukraine;</li> <li>- minor volume of exports to the Russian federation.</li> </ul> <p>Besides, the Company has a foreboding about influence of the following risks:</p> <ul style="list-style-type: none"> <li>- worsening of economic status in Ukraine in general;</li> <li>- Changes in Legislation of Ukraine as to taxation of activity of the enterprises and changes of credit and financial policy in the State;</li> <li>- reduction of solvency of Consumers of the Company's production;</li> <li>- inflationary processes in the economic of Ukraine;</li> <li>- dependency on exchange fluctuations when execution of Contracts with foreign partners;</li> <li>- possible breach of Contracts with the Customers.</li> </ul>				



### Information on the most influential competitors in basic production

Name of production (kind of production)	Name of the Competitor	Country of origin of the Competitor	Degree of competition*		
			minor influence	average influence	substantial influence
Seamless tubes	"Nikopol" South-Tube Mill", OJSC	Ukraine		x	
Seamless tubes	"Dnipropetrovs'k Tube Mill" OJSC	Ukraine	x		
Seamless tubes	"Illicha Mariupol' Industrial Complex", OJSC	Ukraine	x		
Seamless tubes	"Pervoural's'k Novotrubnyy Mill", OJSC	Russia		x	
Seamless tubes	"Sinars'k Tube Mill", OJSC	Russia			x
Seamless tubes	"Sivers'k Tube Mill", OJSC	Russia			x
Seamless tubes	"Volzhs'k Tube Mill", OJSC	Russia			x
Seamless tubes	"Taganrog Metallurgical Works", OJSC	Russia		x	
Seamless tubes	"Chelyabyns'k Tube Mill", OJSC	Russia		x	
Seamless tubes	"Izhors'k Plants", OJSC	Russia	x		
Casing tubes	"Nikopol" South-Tube Mill", OJSC	Ukraine			x
Casing tubes	"Illicha Mariupol' Industrial Complex", OJSC	Ukraine		x	
Casing tubes	"Nikopol" Seamless Tube Plant "Niko Tube", OJSC	Ukraine			x
Drill tubes	"Nikopol" South-Tube Mill", OJSC	Ukraine			x
Drill tubes	"Illicha Mariupol' Industrial Complex", OJSC	Ukraine		x	
Bearing tubes	"Nikopol" South-Tube Mill", OJSC	Ukraine			x
Electric-welded tubes	"Nikopol" South-Tube Mill", OJSC	Ukraine			x
Electric-welded tubes	"Lugans'k Tube Mill", OJSC	Ukraine		x	
Electric-welded tubes	"Illicha Mariupol' Industrial Complex", OJSC	Ukraine		x	
Electric-welded tubes	"Comintern Dnipropetrovs'k metallurgical plant", OJSC ("Cominmet" OJSC)	Ukraine			x
Electric-welded tubes	"Pervoural's'k Novotrubnyy Mill", OJSC	Russia			X
Electric-welded tubes	"Sinars'k Tube Mill", OJSC	Russia		x	
Electric-welded tubes	"Sivers'k Tube Mill", OJSC	Russia			X
Electric-welded tubes	"Taganrog Metallurgical Works", OJSC	Russia		x	
Electric-welded tubes	"Vyksa Metallurgical Works", OJSC	Russia		x	
Electric-welded tubes	"Chelyabins'k Tube Mill", OJSC	Russia			X
Electric-welded tubes	"Almetiv Tube Mill", OJSC	Russia		x	
Electric-welded tubes	"Novosybirsk Metallurgical Works", OJSC	Russia			X
Electric-welded tubes	"WEST-MD" – Volgograd Tube Mill, OJSC	Russia			X

Name of production (kind of production)	Name of the Competitor	Country of origin of the Competitor	Degree of competition*		
			minor influence	average influence	substantial influence
Electric-welded tubes	"Bors'k Tube Mill", OJSC	Russia			X
Electric-welded tubes	"Agrisovgas", OJSC	Russia	x		
Electric-welded tubes	"Profil'-A", OJSC	Russia			X
Electric-welded tubes	"Engel's Tube Mill", OJSC	Russia	x		
Electric-welded tubes	"Volgorichens'k Tube Mill", OJSC	Russia			X
Electric-welded tubes	"Trubostal'", OJSC	Russia			X
Electric-welded tubes	"Filit", OJSC	Russia			X
Electric-welded tubes	"Mogyliv Tube Mill", OJSC	Russia			X
Wheels	"Nyzhniy Tagil Metallurgical Works", OJSC	Russia		x	
Wheels	"Vyksa Metallurgical Works", OJSC	Russia		x	
Treads	"Ukrpidshypnyk", OJSC	Ukraine		x	
Treads	"Nyzhniy Tagil Metallurgical Works", OJSC	Russia		x	
Wheel-tread-rings	"Ukrpidshypnyk", OJSC	Ukraine		x	
Wheel-tread-rings	"Nyzhniy Tagil Metallurgical Works", OJSC	Russia		x	

### Information on basic produce manufactured (services rendered) by the Issuer

Name of production (production category)	Trademarks under which the produce is sold	Patent or other legal assistance of produce (inventions and licenses used in production)	Code of commodity (commodity group) By TNZED	Unit	Production volume in natural units	Production volume in money terms (in valid prices) (thousand UAH)	Net profit (gain) from sale for the accounting period (thousand UAH)
Solid-rolled wheels	"NTZ", OJSC	-	860719180	tons	218 015	784 998	751 484
Pipeline tubes	"NTZ", OJSC	-	730439930	tons	140 063	369 201	364 638
Casing tubes	"NTZ", OJSC	-	730420910	tons	195 872	573 395	562 096
Other produce (services):						445 604	953 760
Totally:					2 173 198		2 631 978

**Data on source of raw materials and key features of Consumers of production (services) of the Issuer and division  
of Consumers by the regions of Ukraine and foreign markets**

Name of production (production category)	Source of raw materials for produce (Ukraine, CIS countries and foreign states)	Share in the total trading volume (region of trading) (per cent)		
		Ukraine	CIS countries and Baltic countries	far foreign countries
Cold-worked bearing tubes	Ukraine, Russia	63.70	32.60	3.70
Hot-worked bearing tubes	Ukraine, Russia	82.80	17.00	0.20
General-purpose cold-drawn tubes	Tubular billet of domestic production	48.10	32.70	19.20
Hot-strained tubes	Tubular billet of domestic production	17.90	42.10	40.00
Casing tubes	Tubular billet of domestic production	21.90	68.80	9.30
Drill tubes	Tubular billet of domestic production	81.00	19.00	0.0
Tubes for high-duty boilers	Tubular billet of domestic production	43.20	56.80	0.0
Oil-well tubing	Tubular billet of domestic production	4.10	95.50	0.40
Electric-welded tubes	Ukraine	77.30	12.30	10.40
Water-gas-main tubes	Ukraine	85.70	5.50	8.80
Solid-rolled wheels	Tubular billet of domestic production	50.50	9.20	40.30
Railway-wheel treads, wheel-tread-rings	Tubular billet of domestic production and of Russia at that	42.40	3.30	54.30
<b>Totally:</b>		51.55	32.90	15.55

# INFORMATION ON PROPERTY STATUS AND FINANCIALECONOMIC ACTIVITY OF THE ISSUER

## Information of permanent assets of the Issuer (by depreciated cost)

Name of permanent assets	Internal permanent assets (thousand UAH)		Leased permanent assets (thousand UAH)		Permanent assets, totally (thousand UAH)	
	at the begin- ning of the period	at the end of the period	at the be- ginning of the period	at the end of the period	at the begin- ning of the period	at the end of the period
1.For production purpose:	423022.0	407462.0	0.00	0.00	423022.0	407462.0
- buildings and erections	224180.0	219319.3	0.00	0.00	224180.0	219319.3
- machinery and equipment	179428.0	172626.3	0.00	0.00	179428.0	172626.3
- means of transport	4968.0	4554.1	0.00	0.00	4968.0	4554.1
- other	14146.0	10962.3	0.00	0.00	14146.0	10962.3
2.For non-production purpose:	10130.0	15236.0	0.00	0.00	10130.0	15236.0
- buildings and erections	7081.0	8916.0	0.00	0.00	7081.0	8916.0
- machinery and equipment	1928.0	1971.0	0.00	0.00	1928.0	1971.0
- means of transport	-	-	-	-	-	-
- other	1121.0	4349.0	0.00	0.00	1121.0	4349.0
<b>Totally</b>	<b>433152.0</b>	<b>422698.0</b>	<b>0.00</b>	<b>0.00</b>	<b>433152.0</b>	<b>422698.0</b>
<b>Explanations:</b> Rate of wear of permanent assets makes up 65.48per cent						

## Information on the Issuer's liabilities

Kinds of liabilities	Date of arising	Debt of be paid off (thousand hrivnas)	Interest rate for funds use (% annual interest)	Date of repayment
Bank credits including:	X	194708.0	X	X
Credit line	26.03.2004	35 546.0	11.5	26.09.2005
Credit line	07.06.2004	106108.0	11.0	07.12.2005
Credit line	05.03.2004	53 054.0	8.25	15.03.2005
Liabilities by securities including:	X	42005.0	X	X
by bonds (per each issue):	X	0.00	X	X
Information on the liabilities is absent in the Chapter "Information on the Issuer's liabilities (per each issue of bonds)" because the Company didn't carry out any the bond emission.				
by bills of exchange (totally)	X	42005.0	X	X
by financial investments into corporate powers (per each kind):	X	0.00	X	X
Information on the Issuer's liabilities by financial investments into corporate powers is absent in the Chapter "Information on the Issuer's liabilities (by financial investments into corporate powers)" because the Company has no these liabilities.				
Tax liabilities	X	9705.0	X	X
Financial Assistance on the reverse basis	X	0.00	X	X
Other liabilities	X	1203052.0	X	X
Liabilities in all	X	1449470.0	X	X

## Information on all of the limitations for usage of the Company's property

Pawnbroker	Kind of assurance	Term of finishing
"Alfa-Bank", OJSC	Pawning of permanent assets of wheel-tread-ring line of railway-wheel mill and permanent assets of thermopower shop.	September 26, 2005
"Alfa-Bank", OJSC	Pawning of permanent assets of tube-rolling mills # 1 and # 5	December 7, 2005
"Citibank (Ukraine)" Joint- Stock Bank	Pawning of turnover means, pawning of equipment	March 31, 2005

Pawnbroker	Kind of assurance	Term of finishing
"Citibank (Ukraine)" Joint-Stock Bank	Pawning of raw materials, turnover means	April 8, 2005

#### **Information on permanent assets belonging to the Company's property:**

The prime cost of permanent assets made 1 195 982 thousand UAH by state on the 1<sup>st</sup> of January, 2004. While a year there were bought permanent assets to the sum of 31 412 thousand UAH, and the objects of permanent assets costing 4 855 thousand UAH were withdrawn. In the result, the prime (revalued) cost of permanent assets made up 1 224 734 thousand UAH by state on the 1<sup>st</sup> of January, 2005.

The following groups are of importance in the structure of permanent assets by state on the 1<sup>st</sup> of January, 2005: machinery and equipment – 52.3 per cent; buildings, erections and transfer mechanisms – 39 per cent.

Basic indices of efficacy of usage of production permanent assets is a yield of capital investments reflecting the amount of produce manufactured counting upon one UAH of annual average value of production permanent assets.

Degree of usage of production facilities for the financial year made:

- by steel production – 101.0 per cent;
- by production of solid-rolled railway-wheels – 111.8 per cent;
- by production of railway-wheel treads and wheel-tread-ring produce;
- by production of electric-welded tubes – 35.5 per cent;
- by production of steel tubes of the billet – 107.4 per cent;
- by production of steel tubes of own ingots – 119.9 per cent

#### **Information on objects of nonproductive sphere in the Company's permanent assets:**

The Company has in its disposal a great deal of objects meant for social-domestic and cultural purposes maintained at the expense of the Company's profit in their absolute majority.

The following objects of social infrastructure are at the Company's balance by state on the 1<sup>st</sup> of January, 2005:

- five hostels;
- one dwelling house;
- Children's Sanitary Camp;
- Palace of Culture "Metallurg";
- Recreation department "Perlyna";
- Club-Museum of history of the plant;
- swimming pool;
- Aquatic Sports Centre;
- gymnasium;
- out-patients' clinic

There were spent 8 million 768 thousand UAH for supporting of hostels and objects meant for social-domestic and cultural purposes during 2004, and among them: for payment of fuel and energy resources (electrical and thermal energy, water consumption and water-supply) 1 million 161 thousand UAH.

The Company means to hand the swimming pool over to municipal property within the first six months of 2005 and to hand one dwelling house over to municipal property during 2005 by the agreement with Fund of State Property of Ukraine and in accordance with Decisions of Executive Committee.

Due to heavy expenses for maintaining of objects meant for social-domestic and cultural purposes, the Company is to seek the ways for reduction of these expenditures. This is to be executed either at the expense of economical expenditure of means stipulated for these purposes, or at the expense of increase of revenues and in some cases at the expense of alienation of property non-required for the Company's needs or being used ineffectively and loss-yielding.

### Information on objects of social sphere granted on lease by the Company:

Num ber	Lessee's name (full name and or- ganization and legal form)	Number and date of Agreement	Value of object granted on lease (thousand UAH)	Purpose of lease	Procedure of granting the object on lease	Term of lease	Rent and procedure of settlements	Procedure of return the object leased by the Lessee
1	Enterprise "Board of Sports Erections"	Lease Agreement # 535030794 of the 1 <sup>st</sup> of September, 2003	49.6	Temporary use	According to Provisions of Agreement	Two years	The rental makes 6118 UAH. The rent is paid to the settlement account not later the 10 <sup>th</sup> day of a month following the reporting one.	The Acceptance-Transfer Report is drawn up in accordance with Provisions of Agreement.

### Information on permanent assets granted on lease by the Company:

Num ber	Lessee's name (full name and or- ganization and legal form)	Number and date of Agreement	Value of object granted on lease (thousand UAH)	Purpose of lease	Procedure of granting the object on lease	Term of lease	Rent and procedure of settlements	Procedure of return the object leased by the Lessee
1.	Association "Ukrtruboprom"	Lease Agreement # 633020066 of the 11 <sup>th</sup> of December, 2001	2.0	Operation lease	According to Provisions of Agreement	Three years	Amount of rent makes 1.3 thousand UAH in all. The rent is paid without cash transfer to the settlement account at sight of the account.	The leased object is returned to the Lessor in accordance with Provi- sions of Agreement. While transfer of the object leased the Acceptance-Transfer Report is drawn up.
2.	Firm "Miragh -2"	Lease Agreement # 630010914 of the 14th of March, 2001	2.9	Operation lease	According to Provisions of Agreement		Amount of rent makes 5.0 thousand UAH in all. The rent is paid without cash transfer to the settlement account at sight of the account.	The leased object is returned to the Lessor in accordance with Provi- sions of Agreement. While transfer of the object leased the Acceptance-Transfer Report is drawn up.
3.	"Metallurgmashre- mont"	Lease Agreement # 630041364 of the 31 <sup>st</sup> of May, 2004	31.9	Operation lease	According to Provisions of Agreement	One year	Amount of rent makes 83.3 thousand UAH in all. The rent is paid without cash transfer to the settlement account at sight of the account.	The leased object is returned to the Lessor in accordance with Provi- sions of Agreement. While transfer of the object leased the Acceptance-Transfer Report is drawn up.
4.	Firm "Sepko CA"	Lease Agreement # 630002358 of the 1 <sup>st</sup> of October, 2000	16.4	Operation lease	According to Provisions of Agreement	Three years	Amount of rent makes 1.1 thousand UAH in all. The rent is paid without cash transfer to the settlement account at sight of the account.	The leased object is returned to the Lessor in accordance with Provi- sions of Agreement. While transfer of the object leased the Acceptance-Transfer Report is drawn up.

Num ber	Lessee's name (full name and or- ganization and legal form)	Number and date of Agreement	Value of object granted on lease (thousand UAH)	Purpose of lease	Procedure of granting the object on lease	Term of lease	Rent and procedure of settlements	Procedure of return the object leased by the Lessee
5.	Firm "KL V Vilko"	Lease Agreement # 630002359 of the 1 <sup>st</sup> of October, 2000	1.1	Operation lease	According to Provisions of Agreement	Three years	Amount of rent makes 1.6 thousand UAH in all. The rent is paid without cash transfer to the settlement account at sight of the account.	The leased object is returned to the Lessor in accordance with Provi- sions of Agreement. While transfer of the object leased the Acceptance-Transfer Report is drawn up.
6.	Limited Liability Company "Medline"	Lease Agreement #630041785 of the 1 <sup>st</sup> of June, 2004	837.7	Operation lease	According to Provisions of Agreement	One year	Amount of rent makes 355.8 thousand UAH in all. The rent is paid without cash transfer to the settlement account at sight of the account.	The leased object is returned to the Lessor in accordance with Provi- sions of Agreement. While transfer of the object leased the Acceptance-Transfer Report is drawn up.
7.	Limited Liability Company CK "Region"	Lease Agreement #630041378 of the 31 <sup>st</sup> of May, 2004	462.2	Operation lease	According to Provisions of Agreement	One year	Amount of rent makes 155.1 thousand UAH in all. The rent is paid without cash transfer to the settlement account at sight of the account.	The leased object is returned to the Lessor in accordance with Provi- sions of Agreement. While transfer of the object leased the Acceptance-Transfer Report is drawn up.
8.	Limited Liability Company "Lime factory"	Lease Agreement # 980041216 of the 30 <sup>th</sup> of April 2004	1532.3	Operation lease	According to Provisions of Agreement	One year	Amount of rent makes 479.6 thousand UAH in all. The rent is paid without cash transfer to the settlement account at sight of the account.	The leased object is returned to the Lessor in accordance with Provi- sions of Agreement. While transfer of the object leased the Acceptance-Transfer Report is drawn up.
9	Limited Liability Company «Mekhanomontazh»	Lease Agreement # 630041425 of the 1 <sup>st</sup> of June, 2004	0.0	Operation lease	According to Provisions of Agreement	One year	Amount of rent makes 6.3 thousand UAH in all. The rent is paid without cash transfer to the settlement account at sight of the account.	The leased object is returned to the Lessor in accordance with Provi- sions of Agreement. While transfer of the object leased the Acceptance-Transfer Report is drawn up.
10.	Limited Liability Company "Plastik"	Lease Agreement # 630041296 of the 1 <sup>st</sup> of June, 2004	78.0	Operation lease	According to Provisions of Agreement	One year	Amount of rent makes 83.1 thousand UAH in all. The rent is paid without cash transfer to the settlement account at sight of the account.	The leased object is returned to the Lessor in accordance with Provi- sions of Agreement. While transfer of the object leased the Acceptance-Transfer Report is drawn up.

Num ber	Lessee's name (full name and or- ganization and legal form)	Number and date of Agreement	Value of object granted on lease (thousand UAH)	Purpose of lease	Procedure of granting the object on lease	Term of lease	Rent and procedure of settlements	Procedure of return the object leased by the Lessee
11.	Closed Joint Stock Company KB "Credit - Dnipro"	Lease Agreement # 630011709 of the 27 <sup>th</sup> of June, 2001 Lease Agreement # 630991098 of the 1 <sup>st</sup> of October, 1999	23.1	Operation lease	According to Provisions of Agreement	Two years  Four years	Amount of rent makes 7.7 thousand UAH in all. The rent is paid without cash transfer to the settlement account at sight of the account.	The leased object is returned to the Lessor in accordance with Provi- sions of Agreement. While transfer of the object leased the Acceptance-Transfer Report is drawn up.
12.	Dnipropetrovsk re- gional Custom House	Lease Agreement # 528040708 of the 6 <sup>th</sup> of February, 2004	9.8	Operation lease	According to Provisions of Agreement	Four years		The leased object is returned to the Lessor in accordance with Provi- sions of Agreement. While transfer of the object leased the Acceptance-Transfer Report is drawn up.
13.	Ukrainian-Israeli Limited Liability Company with Foreign Investments "Dni- provka"	Lease Contract # 630000323 of the 19 <sup>th</sup> of January, 2000	258.7	Operation lease	According to the Provisions of Agreement			The leased object is returned to the Lessor in accordance with Provisions of Agreement. While transfer of the object leased the Acceptance-Transfer report is drawn up.
14	Fund of Public Assis- tance	Lease Contract # 630041684 of the 16 <sup>th</sup> of August, 2004	80.2	Operation lease	According to the Provisions of Agreement	One year	Amount of rent makes 1.2 thousand UAH in all. The rent is paid without cash transfer to the settlement account at sight of the account.	The leased object is returned to the Lessor in accordance with Provisions of Agreement. While transfer of the object leased the Acceptance-Transfer report is drawn up.
15	Ukrainian-Chinese Limited Liability Company with Foreign Investments "Bomon- sha"	Lease Contract # 562 of the 12 <sup>th</sup> of July, 1996	240.9	Operation lease	According to the Provisions of Agreement	Ten years	Amount of rent makes 20.0 thousand UAH in all. The rent is paid without cash transfer to the settlement account at sight of the account.	The leased object is returned to the Lessor in accordance with Provisions of Agreement. While transfer of the object leased the Acceptance-Transfer Report is drawn up.



## BUSINESS DESCRIPTION

*(textual part)*

### BRIEF HISTORY OF THE ENTERPRISE

The plant was set up in 1891 on the basis of "French-Russian Workshops". Its first owners were the Frenchmen. Though, the economic crisis which was about to happen in Russia made them to cease the production. The next owner of the plant became German entrepreneur K. Gantke.

In 1911-1913 the tube-rolling shop having two plants "BRIDE" and pilger seamless-tube mill began to work.

In January of 1918 the plant was nationalized by special Decree of Soviet Power.

The new production facilities have been built since 1931 till 1935.

The plant was fully ruined during the Second World War. Since 1943 there begun the rebuilding of plant and the plant has been working with its full capacity already in 1948.

In 1956 there was built the shop of electric-welded tubes and in 1962 the production of bearing tubes has begun. In 1968 the largest in the Europe pilger seamless-tube mill was put into operation with the assistance of Hungarian specialists.

In 1972 a new wheel rolling mill was opened, and in 1988 there was built a wheel-tread-ring mill.

In 1970 the plant has registered a trademark of its own. The logotype consists of letters "NTZ" presenting shortened name of the plant. After registration the logotype appeared at all the plant produce and now it is well-known to all Customers in the world.

In the 20<sup>th</sup> of September, 1989 Open Joint-Stock Company "Nizhnedneprovsky Tube-Rolling Plant" was set up by dint of reorganization of "Karl Liebknecht Nizhnedneprovsky Tube-Rolling Plant".

Since 1992 the work in Production Certification System of Quality Management and provision of their compliance with the requirements of International Standards is carried out in order of raising the produce competitive ability. At present, the plant has International Certificates for the Quality System by EN ISO 9002: 1994 API Q 1. AAR – A103 Standards and the Certificates for production manufactures by European and American Standards at that.

In April and July of 1994 the plant has taken out the Patents for methods of production of wheel treads and the wheels.

In October 1999 the plant became the only Enterprise in CIS having obtained the Certificate of American Institute of Petroleum for the right to produce the tubes of oil range. Thus, there was certified the production of tube-rolling mills # 4 and # manufacturing compressor and casing tubes.

In 1996 the technology of steel degassing for railway-wheels with out-of-furnace treatment at the plant "stove-basket" was introduced in the open-hearth plant. This allowed to reduce the gasing and to raise the quality of steel and wheels at the expense of reduction the phosphor content to 0.02 per cent and the one of sulphur to 0.015 per cent, while this permitted to increase the competitiveness of railway-wheels produced by plant for its turn.

In 1998-1998 the complex of gas purification after open-hearth furnaces was commissioned, considerable works on installation of high-power waste-heat boilers operation on the heat gases exhausting from the open-hearth furnaces which made possible to take the fuel-operating boilers out of exploitation.

In 1977 the Enterprise has begun the Program of Restructuring with the assistance of International Consulting Company JEAN-PAUL CALMES CONSULTANTS (Switzerland).

Restructuring of production allows rising the efficacy of management and operation planning, to get the increase of production volumes of high-quality products to create investment appeal of production complexes.

The new plant– the cast tube tool (of a ruler and mounting) line was opened in steel-shaped-casting foundry. The plant has obtained the Quality Certificate entitling it to supply the wheels for London Metro.

The plant gives special attention to solution of social problems being the basis of stabilization of economic growth including: creation of optimum management structure and efficacy system of remuneration of labour; regularity of wage payment; improvement of labour conditions; rendering of cultural-personal, medical and sanitary services.

At present, the plant is a modern Enterprise, one of the largest in Ukraine; it has modern equipment, technologies, facilities for assurance and quality control of steel tubes, wheels, treads, wheel-tread-ring produce, and sleeve tubes while remaining the only Enterprise in Ukraine manufacturing produce of some kinds.

### INFORMATION ON ORGANIZATION STRUCTURE OF THE ISSUER

The Company represents aggregate on basic shops deeply intertwined with each other by the system of technological, economic and communication ties. The organization management structure existing in the Company stipulates centralization of functional connections providing for undisturbed operation of basic shops. Upon such conditions each functional service represents a dynamical structural unit provided with professional community having corresponding skill, necessary financial resources giving opportunity to make evolutions in the work along with qualitative usage of functional duties in central servicing of all the basic shops as united whole production.

The Company has six produce-manufacturing plants including tube-rolling-plants Nos 1. 3. 4. 5, tube-electric-welding plant, wheel rolling mill, open-hearth plant, drop-hammer plant, motor transport and railway shops; well-equipped research basis in the form of six laboratories; seven managements, Design and Engineering Centre, Service Centre, Centre of Social Development, powerful intellectual personnel potential in the form of Plant Management, Recreation Department, Palace of Culture, swimming pool, sports complex, out-patients' clinic having the latest equipment and other subdivisions.

The functions of basic mills and plants:

- tube-rolling mill # 1 (TRP # 1) produces the tubes of oil range: drill, steel seamless ones for pipe-lines;
- tube-electric-welding plant # 2 (TRP # 2) produces general-purpose electric-welded tubes, water-gas-main and profile tubes;
- tube-rolling mill # 3 (TRP # 3) produces hot-rolled tubes from steel of carbon grades, hot-rolled SHKH, cold-rolled tubes from steel of carbon grades, cold-rolled SHKH, and cold-drawn ones;
- tube-rolling mill # 4 (TRP # 4) produces casing tubes with couplings, tubes of oil-gas range and the tubes for high-duty boilers;
- tube-rolling mill # 5 (TRP # 5) produces hot-rolled and casing tubes;
- wheel rolling mill (WRM) produces solid-rolled wheels and tyres: locomotive and tyres as well as the narrow-gauge ones and wheel-tread-rings at that.

The Company has steel-smelting facilities of its own – the open-hearth plant. Steel-smelting at the Enterprises stipulates possibility of direct controlling of its quality while being more flexible when selection of steel grades necessary to fulfill rush orders by different kinds of produce.

The open-hearth plant smelts the steel for tube-producing at the tube-rolling mills # 1 and # 4. wheels, wheel-tread-rings and treads at the wheel rolling mill.

Produce-manufacturing plants as well as the open-hearth and drop-hammer ones are directly subordinated to the Deputy of Chief Engineer in production.

The auxiliary plants and shops including drop-hammer, motor transport and railway ones function so as to provide for operation of basic mills and plants as well as of other structural subdivisions.

The main functions of auxiliary plants and shops are as follows:

- drop-hammer plant provides with metal scrap the open-hearth plant and steel-shaped-casting foundry;
- motor transport shop – provides for transportation of raw materials, materials and produce by motor transport for all the Company's subdivisions;
- railway shop - provides all other shops, plants and mills with railway transport for transportation of raw materials and finished commodity;

To provide for operation of basic plants and shops there functions the Service Centre consisting of eight auxiliary plants and shops including: steel-shaped-casting foundry, repairing shop of metallurgical furnaces, repairing shop of metallurgical and tube-rolling equipment, machine-shop, Mechanical-Repair Department, thermopower shop, electrical chop, shops of controlling and measuring apparatus and automatics.

The main functions of auxiliary shops, plants and mills being a part and parcel of Service Centre are as follows:

- steel-shaped-casting foundry – produces cast-iron core-mould casting;
- repairing shop of metallurgical furnaces is engaged in repair of open-hearth and heating furnaces being in the shops;
- repairing shop of metallurgical and tube-rolling equipment – repairs equipment in the Company's shops;
- machine-shop – produces details, spares, assemblies by requests of the Company's shops;
- Mechanical-Repair Department – is engaged with production of tools, spares and repair of tools for the Company's shops;
- thermopower shop – provides all of the Company's subdivisions with gas, mazut (fuel oil), compressed air, water and repairs the equipment assigned to the shop;
- electrical shop – provides all of the Company's subdivisions with electrical power, carries out all kinds of repairs of electrical equipment, electrical network and cables;
- shops of controlling and measuring apparatus and automatics is engaged with servicing and repairs of instrumentation and automatics located in the shops.

The Design and Engineering Centre including Research and Development Board, Reference Department, the Department on work with the claims and Metrological Laboratory function at the plant to assure technical and engineering provision of production.

The principal functions of subdivisions belonging to the Design and Engineering Centre:

- Research and Development Board - elaborates the designs and design drawings to provide for manufacturing of production;
- Engineering Management – perfects operating technology while introducing the new one of production manufacturing;
- Reference Department – executes elaboration of Reference Documentation, perfection of engineering performance standard and organization of industrial engineering;
- Department on work with the claims – provides for carrying out of claim work in quality of products;
- Metrological Laboratory carries out metrological provision of production.

The Company also includes:

- seven Boards of Legal Protection; Board of Production Environment; Board of Information Technologies and Communications, Transport Board, Financial Board, Economic Board, Board on Quality;
- laboratories: the Central Testing Laboratory; Metrological Laboratory, Sanitary and Technical Laboratory, Laboratory on Preservation of the Environment; Welding Laboratory and Electrotechnical Laboratory.

The other subdivisions include:

- Principal Accounts Department;
- Sectional Accounting Bureaus;
- Warehousing;
- Service of Economic Security;
- Security Service;
- Newspaper Editorial Office;
- Departments: Civil Defence one; Control of Economic Activity one; Work with the Personnel one, Labour and Wages one; Production one; Work with Custom House one; Protocol one; Shipping one; Order Expertise one; Order Accompanying one; Contractual one; Claim-Action one; Investment one; the First one; Technical Audit one; Information and Analytical one; Investment and Development one; Material-Purchasing one; Purchase Planning and Control one; Equipment and Spares Purchase one; Service Purchase one; and Bureau on Perfection of Forms of Work with Personnel.

The Company also includes Centre of Social Development consisting of such subdivisions: Palace of Culture "Metallurg"; Catering Centre; Trade House; Dry-Cleaner's, Aquatic Sports Centre; Housing and Communal Department; Sector of Plant Land Improvement; Children's Sanitary Camp; Recreation Department "Perlyna", and Maintenance Department.

The Company has neither branch establishments nor representative offices having the functions and enjoying the rights for sale of produce.

The alterations having happened in the organizational structure of the Company in 2004 are as follows:

In 2004 with the view of perfection of management structure and on the grounds of Minutes of Meetings of Board of the Company # 182 of the 6<sup>th</sup> of February, 2004; # 185 of the 9<sup>th</sup> of March 2004; # 191 of the 26<sup>th</sup> of April 2004; # 197 of the 29<sup>th</sup> of June 2004; # 217 of the 13<sup>th</sup> of December, 2004 and Minutes of Meetings of Supervisory Board # 87 of the 12<sup>th</sup> of February, 2004; # 91 of the 16<sup>th</sup> of March, 2004; # 98 of the 27<sup>th</sup> of May, 2004; # 100 of the 21<sup>st</sup> of July 2004; # 113 of the 15<sup>th</sup> of December 2004 there was examined and approved management structure of the Company, and the following alterations were made:

1. There were set up: Management of Legal Protection being subordinated to Director in safety consisting of: Legal Department, Contractual Department and Department of Claim and Actional Work on the grounds of Contractual Department and Legal Department.
2. The posts of Commercial Director and Deputy Director in Purchasing are liquidated.

3. The posts Director of Production Distribution and Director of Purchasing with direct subordination to the Chairman of Board – Director General in are introduced.
4. The following Departments are introduced: Material Purchase Department, Equipment and Spare Purchase Department; Service Purchase Department; Planning and Control of Purchases Department being subordinated to the Director of Purchasing on the basis of Logistical Support and Integration Management having been liquidated.
5. Transport Management is taken out of subordination of Deputy Director of Production Distribution being introduced to the subordination of Director of Production Distribution.
6. Investment and Development Department being directly subordinated to the Chairman of Board – Director General is set up.
7. Civil Defence Headquarters in the Director's Service is renamed into Civil Defence Department.
8. Maintenance Department set up on the basis of Administrative Department having been liquidated is introduced into Centre of Social Development.
9. Organization Department – the Lime Factory with its full complement is excluded.
10. The kindergarten # 278 is taken out of structure of Centre of Social Development due to its transference to communal property.

In the light of aforesaid, some posts are liquidated while the new and renamed ones are introduced:

The alterations in the Company's organization structure cited made it possible to retain vertical integrity of Management System, to reduce the number of hierarchy levels and connections between the systems of the same level.

### **BASIS OF PRESENTATION**

Financial Accounting is prepared in accordance with requirements of Provisions (Standards) of Business Accounting approved by Ministry of Finance of Ukraine being in force on the day of drawing up of Accounts.

Financial Accounting is drawn up on the basis of principle of extra charge and historical prime cost (save accounting of investments being taken into account in accordance with method of participation in the capital).

Financial Accounting of the Company is consolidated by dint of adding of corresponding real accounts (the assets, Debt Instruments, capital, profit and expenditures) of Limited Liability Company "Lime Factory" in which share of the Company's property makes 100 per cent.

Influence of accounting indices of Limited Liability Company "Lime Factory" upon the indices of consolidated accounting is minor.

### ***CHARACTERISTIC OF ACCOUNTING POLICY SELECTED***

#### ***Admittance and amortization of permanent and intangible assets***

The permanent assets represented in the Accounting by actual expenditures for their purchasing, delivery, installation, construction and producing taking into consideration the amounts of some compulsory additional valuations having been carried out by Decisions of Ministry of Ukraine in connection with inflation since 1992.

Indexation of Balance Sheet Value of permanent assets was carried out in accordance with mechanism and indices established by the State Structures.

The basic cost of permanent assets is increased by amount of expenditures connected to perfection of the object (modernization, additional equipment, reconstruction etc.).

Charging of amortization of permanent assets is executed in accordance with the Ukrainian Tax Legislation. The liquid value of objects of permanent assets having been set in operation before 2000 liable to amortization is evaluated as "0".

The term of amortization of intangible assets is determined by the term of their useful life (but doesn't exceed 10 years).

Amortization is charged by straightforward method.

#### ***Investments***

The short-term investment in assets of Enterprise is reflected by its prime cost.

The long-range investment is appreciated by its prime cost in cases when the Enterprise has minor part of shares producing no substantial effect on the investment medium.

The long-range investment is shown by the method of participation in the capital in cases when the Enterprise produces substantial effect on the investment medium.

#### ***Stocks***

The stocks include raw materials and materials, semi-finished products purchased, fuel, spares, goods-in-process, container, finished commodity, the goods to be resold and wearing items of little value at the warehouse.

The stocks are accounted by their prime cost. The prime cost of stocks includes expenses for purchasing, supply and processing.

Appreciation of retired stocks:

- the raw materials, basic materials and semi-finished products - by weighted average prime cost;
- the auxiliary materials, fuel, wearing items of little value – by method FIFO;
- the retailed goods – by their sale prices.

The cost of goods-in-process includes factor cost and production overheads.

The finished commodity is reflected by its production prime cost.

The stocks of materials and capital equipment having no sale cost aren't considered to be the assets.

#### ***Definition of means***

The means include the entire sum of money available in the cash and demand deposits.

The sums in foreign currencies are transferred by course of National Bank of Ukraine on the moment of account-drawing.

#### ***Accounts receivable***

The Accounts Receivable for the goods, works and services are reflected by their real cost that is, taking into consideration Doubtful Debts appreciated.

Accounting of Bad Debts is executed within such a period when the Enterprise Governing Body has determined the debts as bad one. Other kinds of Accounts Receivable consist of the indebtedness non-connected to sale of products and rendering of services.

### ***Liabilities***

The liabilities are appreciated by their purchase value being accounted on the balance till finishing of limitation period.

### ***Admittance of income and expenditures***

The income received from sale of products is admitted in accordance with accrual concept when shipment of produce. The income is reduced by the some of discounts and returns of produce by its Buyers.

The income from rendering of service is reflected in the accounting upon finishing of rendering of services.

The expenditures are reflected in the Income and Expense Statement on the grounds of direct connection between the expenses incurred and income receipt.

The expenses are also recognized in the cases when future economic profits cease to meet the requirements so as to be admitted in the balance as asset.

### ***Taxes***

Spending for profit tax include the taxes calculated in accordance with Legislation of Ukraine in force taking into consideration substantial temporary differences either being indemnified or having arisen pending period under Report while being reflected by Balance Sheet Account "Deferred Tax Assets".

### ***Disbursements for researches and elaborations***

The Enterprise recognizes spending for researches and elaborations as expenses of the period if these expenses don't result in future economic profits.

The Enterprise admits spending for researches and elaborations as the asset with further amortization when these disbursements being amenable to clear determination, the product or process may be clearly determined or separated, and the Enterprise has intentions and technical capabilities to produce, sale and use these product or process.

## **EXTRACT FROM AUDITOR'S CONCLUSION**

To our mind, the assets, Debt Instruments, Equity Capital, receipts and expenditures stated in the Financial Accounting save there aforesaid exceptions are in the whole admitted and classified in accordance with conceptual bases of Accounting Rules (Standards); the Financial Statements reflect financial status of Open Joint-Stock Company "Nizhnedneprovsky Tube-Rolling Plant" by state on the 31<sup>st</sup> of December, 2004 rightly and for certain as well as the result of its activity is represented in accordance with Accounting Rules (Standards) of Ukraine and secundum the requirements of Legislation in force.

## **INFORMATION ON BASIC KINDS OF GOODS PRODUCED OR SERVICES RENDERED BY THE ISSUER**

The principal activity category of the Company is production and sale of steel, metal tubes, solid-rolled wheels, treads and wheel-tread-rings.

The basic kinds of produce are as follows:

- steel hot-worked seamless tubes;
- casing tubes and their couplings;
- oil-well tubing and their couplings;
- general-purpose steel cold-worked seamless tubes of high accuracy and split-hair accuracy at that;
- bearing tubes;
- steel longitudinal electric-welded water-gas-main and profile tubes;
- solid-rolled railway wheels;
- railway tyres;
- rectangular and profilecomposite wheel-tread-rings of carbon and alloyed steels.

The steel smelted by open-hearth plant is mainly used for domestic needs.

Modern technologies and equipment, Quality Control and Produce Test System assure tube supply by engineering requirements of Consumers, while meet the requirements of National and International Standards ((API 5L, API 5CT, DIN, EN, ASTM, NFA) in full.

The Company is leading Enterprise of Ukraine by volume of exports of steel tubes and wheel to far foreign countries. Solid rolled wheels and tubes of oil range are of the greatest demand.

The Company also renders services of industrial nature.

## ***INFORMATION ON TENDENCIES OF REDUCTION OR EXCEEDING OF SOME ACTIVITY CATEGORIES YIELD AND THE REASONS OF THESE CHANGES***

The net profit (proceeds) gained from sale of tubes, wheels and treads occupies the basic position in total sum of net profit (proceeds) gained from sale of produce.

In 2004 the net profit (proceeds) gained from sale of produce made 2 631 978 thousand UAH having increased by 63.96 per cent as against 2003 at the expense of total rise of selling prices for produce as well as shift in the range in the direction of expansion of output and sale of more expensive solid-rolled wheels.

## **INFORMATION ON BASIC MARKETS AND PRIMARY CUSTOMERS**

The basic markets for the Company's produce sale are: Ukraine, Russia, SIC countries, far foreign countries (in particular, the countries of European Union, USA, countries of Latin-America, the ones of the Middle East and South-East Asia).

The principal Customers of the Company's produce are enterprises of oil-and-gas-production industry, machine-building, communal sphere and construction and enterprises of railway transport at that.

The large Companies dealing with exploring, processing and transport of oil products are the Buyers of tubes of oil range.

The Buyers of general-purpose tubes are machine works manufacturing produce of their own of the tubes made by the Company (machinery and mechanisms).

The Company has mastered production of wheels of more than 50 profile-dimensions certified by International Standards for rolling-stock operated upon different climatic conditions as well as tyres or locomotives, Metro, trams, and profilecomposite wheel-tread-rings delivering the ones to near and far foreign countries.

The principal Customers of railway wheels and locomotive tyres is "Ukrzaliznytsya" (Ukrainian Railway Company) (all its railways, war-repair and diesel-locomotive-repair enterprises).

The main users of tram tyres are Boards of City Electrical Transport and rolling-stock enterprises of urban transport of Ukraine.

The circle of permanent and potential Consumers of the Company's produce includes enterprises and firms of traditional markets in Ukraine, CIS countries as well as in many far foreign countries.

The Company Management takes pains for strengthening of existing and development of the new instruments for cooperation with Customers and Suppliers as well as of mutually beneficial trade with foreign partners.

They carry out active marketing policy in the Company; this policy is based on permanent up-grading and diversification of produce supplied or directed to meeting of rising demand in the fields – consumers (oil-and-gar production and transport, machine-building, renewal of car fleet).

#### **INFORMATION ON SOURCES OF RAW MATERIALS, THEIR ADEQUACY AND PRICE MOVEMENT**

The Company is situated in city of Dnipropetrovsk which is strategically-important and highly-industrial centre of Ukraine. This makes possible to enjoy advantages of vicinity of main sources of raw materials and other resources.

Practically, the entire sources of raw materials is concentrated in Prydniprovs'k-Donets'k region, that is, in immediate proximity to the Company, thus determining minor part of cost of transportation in the amount of general production costs.

The Company's activity as to purchasing of raw materials within financial year was set up on tender basis, and this, for its turn made possible to improve the materials being bought, and stipulated substantial optimization of prices and reduction of production costs.

Primary raw materials of our production are cast-iron, "tubular billet", strip, ferroalloys, refractory products and metal scrap. The principal suppliers of raw materials are "Novolypets'k Metallurgical Industrial Complex "Svobodnyy Sokol", OJSC, "Lypets'k Metallurgical Works "Svobodnyy Sokol", OJSC, "Oskol Electrometallurgical Industrial Complex", OJSC, "Nikopol' Seamless Tube Plant "Niko-Tube", OJSC; "Nikopol' Tube Company", OJSC.

#### **INFORMATION ON PECULIARITIES OF STATE OF DEVELOPMENT OF BRANCH OF PRODUCTION WHERE THE ISSUE CARRIES OUT THE ACTIVITY**

Metallurgical branch providing 40 percent of currency earnings for Ukraine at the expense of export of metal production has a number of fundamental problems preventing increase of competitiveness of native metal produce including insufficient and unsteady quality of native metallurgical raw materials, outdated technological production basis. The important problems of ferrous metallurgy of Ukraine are need in technical and technological re-equipment of production, improvement of ferrous metal quality, production steel and rolled metal of new kinds. The non-blast-furnace nonpolluting ferrous metal modes of production, in particular, electrometallurgy and powder metallurgy remain still underdeveloped still.

State of tube industry is stipulated by some reasons:

- insufficient of amounts of circulating assets;
- lack of tubular billet and strip great part of which is exported by Manufacturer's of this produce;
- fluctuation of energy market;
- antidumping investigations of European Commission.

The enterprises of metallurgical branch have already shown themselves as competitive subjects of foreign market in many kinds of industrial produce.

The tube enterprises of Ukraine have attained the producing volumes exceeding 2 million tons tubes in a year for the last two years; this is a good index surpassing the production volumes of 2000 – 2002 substantially.

In general, the Tube Enterprises have been stably working while retaining the producing volumes during 2004. Supplies of steel tubes to the home market of Ukraine including import made about 98 per cent for period of report as against the previous year, and the export made 100.8 per cent. Totally, 1 495 thousand tons of steel tubes were supplied to the foreign market from Ukraine for 2004.

Flexible reaction to the change of foreign market conditions may be regarded as one of the most important attainment of Ukrainian Tube-Manufacturers due to which the branch could not only to do away with depression but also to create the preconditions for further development. Primarily, all the aforesaid means technical re-equipment of basic facilities, diversification and extension of dimension-types while renewal of competitive technologies of arrangements made.

The Company took the first place in the tube-rolling branch; in 2004 its part made 24 per cent in total production of tubes. This tendency will be kept while remaining characteristic one for the nearest period of its development.

The engineering procedure connected with manufacturing of the Company's production is independent of seasonal changes and in general, the production volume depends upon the market situation. Consequential and painstaking work of the Company as to providing the shops, plans and mills with the orders minimizes the variations of monthly producing volumes in the Company irrespective of seasons.

#### **FORECAST AS TO FURTHER DEVELOPMENT OF BRANCH**

In 2005 the Ukrainian Tube Enterprises are about increasing of ferrous metal tubes production approximately by 15 per cent as against 2004.

The capabilities of increase are connected to the raise of attraction of oil exploration in the world and hence, evergrowing demand for the tubes of oil-and gas sector as well as with development of branches using steel tubes, that is, machinery construction, civil engineering, and communal sphere.

## **DATA ON COMPETITION IN THE BRANCH, ABOUT PECULIARITIES OF THE ISSUER'S PRODUCE (SERVICES).**

Determinative position at the markets of tube production presents itself a paradoxical union of availability of potential ability for extension of market and thus, gaining in sales with activity of powerful negative factors telling as upon market development so on the competitiveness of products of Ukrainian Tube-Manufacturers. Ability of increase is connected to rise of attraction oil exploration in the world and hence, evergrowing demand for the tubes of oil-and gas sector. Besides, unexampled economic growth in Ukraine and CIS countries is characterized by potential ability itself. The following factors may be attributed to the ones preventing the market extension: exacerbation of competitiveness at the world markets; development of tube production in the countries being the largest consumers of tubular goods (Russia, China, USA and European Union); availability of threatening measures and customs as to Ukrainian Manufacturers; rise of prices for basic raw materials; active policy in import-substitution of Ukrainian tube production, and at the Russian market above all; relatively low solvency of consuming branches on the one side and expensiveness of credit resources at the expense of which the projects in consuming branches are carried out on the other side.

The competitive ability of Ukrainian Tube-Manufacturers is also limited. The price of energy supply tells upon the final cost of production manufactured in the structure of costs of any Tube Enterprise to a considerable degree. Unlike the Ukraine, the Russian Tube-Rolling Plants by the energy supply at rather reduced price. Such a state of affairs makes it possible to get the better in competitive struggle for Russian Enterprises at the expense of lower price of production manufactured as against their Ukrainian colleges.

The general tendencies listed by us somehow or other came to light at each basic Company's markets.

**UKRAINE:** The domestic market is traditionally one of the most important markets as for our Company so for all other Ukrainian Manufacturers. Increased competitiveness among the Ukrainian and the Russian Companies is inherent in the market. Besides, negative influence upon the market conditions in tube branch of Ukraine entails instability of National Legislation.

There are no competitors of Open Joint-Stock Company "Nizhnedneprovsky Tube-Rolling Plant" producing railway wheels and treads, casing and oil-well tubing of oil range and seamless tubes for pipelines in Ukraine due to monopolistic condition occupied by it in aforesaid production categories.

"Ukrpidshpynyk", OJSC (city of Kryvyi-Rig) presents itself a competitor of the Company at the market of treads and wheel-tread-rings.

The main intra-branch competitors by some dimension-types of tubes produced in Ukraine are "YutiST", OJSC (city of Nikopol'), "Dniptopetrov'sk Tube Plant", OJSC (city of Dnipropetrovsk), "Il'icha Mariupol' Metallurgical Complex", OJSC (city of Mariupol'), "Nikopol' Seamless Tube Plant "Niko-Tube", OJSC, and "Nikopol' Tube Company", OJSC.

Competitors of the Company in production of welded tubes are all the enterprises save "Khartsyz'k Tube Plant", OJSC (city of Khartsyz'k) and "Novomoskov'sk Tube Plant", OJSC (city of Novomoskov'sk). These enterprises produce large-diameter tubes.

**RUSSIA:** In 2002 the Russian Tube Plants carried out a merger. Appearance of new more powerful participants at the market has strengthened the competition between Ukrainian and Russian Tube-Manufacturers as at the Russian market so beyond its bounds.

The main competitors in all the variety of produce having been manufactured including the tubes of oil range are as follows: "Pervoural's'k Tube Plant", OJSC (city of Pervoural's'k), (Sinars'k Tube Plant), OJSC (city of Kamensk-Ural's'kyy), (Sivers'k Tube Plant), OJSC (city of Polivs'ke), "Volzh's'kyy Tube Plant", OJSC (city of Volzh's'kyy), "Taganrog Metallurgical Works", OJSC (city of Taganrog), "Chelyabyn's'kyy Tube Plant", OJSC (city of Chelyabyn's'k).

**EUROPE and USA:** The Company is to work in accordance with Quotation Regimen provoked by antidumping investigations.

Save the problems connected with quotation of our supplies to the countries of European Union, situation at the tube market in this region get more complicated objectively. This is connected to the fact that our traditional Consumers began to redirect themselves to the produce of Suppliers from the East-European countries and the ones of Central Europe.

At present, the market situation has taken such a shape that in general all the obvious results in perfection of engineering procedures on production steel, tubes, wheels and treads, improvement of qualitative characteristics and reduction of outlays for their production aren't enough for manufacturing of concrete products.

To provide for production competitiveness there was adopted a long-term Program of technical re-equipment and reconstruction as of separate aggregates so of entire production sections determining the quality and consumer properties of the produce.

Successful realization of this Decision will entail far-reaching strategic consequences. The Company will get real opportunity not only to hold its positions at the markets of tube, wheels and treads, but to work up additional markets owing to getting a beat on the competitors, and therefore, to get a chance for intensification of production and improve the well-being of employees.

### **SPECIFICITY OF THE COMPANY'S PRODUCE AS AGAINST THE ONE OF ITS COMPETITORS**

The range of Ukrainian Tube Plants includes some kinds of production non-manufactured at the Tube Plants of CIS countries.

Particularly, "Khartsyz'k Tube Plant", OJSC (city of Khartsyz'k) produces longitudinal electric-welded large-diameter tubes (530. 630. 720. 820. 920. 1120. 1220 and 1420 mm) carbon and alloyed steels while "Novomoskov'sk Tube Plant", OJSC (city of Novomoskov'sk) manufactures longitudinal electric-welded tubes with their diameter making 219 – 426 mm.

The Russian market of wheels and treads is presented by two manufacturers – "Vyksun's'k Metallurgical Works", OJSC (city of Vyksun's'k) and "Nyzhniy Tagil Metallurgical Complex", OJSC (city of Nyzhniy Tagil). "Vyksun's'k Metallurgical Works", OJSC is competitor of the Company in the field of production of railway wheels. "Nyzhniy Tagil Metallurgical Complex", OJSC competes with the Company in the sphere of production of railway wheels and treads.

As to qualitative characteristics and price parameters, the production of all of three Manufacturers ("Nizhnedneprovsky Tube-Rolling Plant", OJSC, "Vyksun's'k Metallurgical Works", and "Vyksun's'k Metallurgical Works", OJSC) is approximately at the same level. Nevertheless, it is worth to mention that modernization of production facilities having been carried out for the last years by Russian Manufacturers of wheel production has very largely contributed to up-grading of the one, thus, having stipulated the raise of competitive ability.

It is worth mentioning that now the quality is an index determining the competitive ability of production.

In this connection, the Company has emphasize making arrangements turned to perfection of technique and technology on the grounds of modern scientific elaborations as priority direction of activity with the view of raising the competitive ability of production manufactured and for the purpose of reduction of power intensity and material capacity and for upgrading of tube and wheel produce at that.

The Company is to optimize the work on harmonization of domestic and foreign Standards so as to hold its own at the world market and to develop the new ones.

## INFORMATION AS TO ESSENTIAL PROBLEMS INFLUENCING UPON THE ISSUER'S ACTIVITY

The Company's activities as well as all of the enterprises of tube branch are under great influence of economic situation and State Taxation Policy.

And at the same time, severe competition existing as at the domestic so at the world markets forces the Company to constant perfection of its production methods along with rising of production quality while reduction of costs, and to introduction of new, especially liquid kinds of produce from another side.

The Company's activity for the most part depends upon changes of market conditions at the markets of solid-rolled wheels, treads and steel tubes including:

- evergrowing demand for wheels in Russian federation while stabilization of volume of wheel consumption at the domestic market;
- lack of demand for tubes for machine-building in Ukraine. This connected to the fact that machine-building industry is on the decline, oil- and gas-producing Companies don't increase volumes of exploratory-drill works, as well as oil and gas production at the Ukrainian territory; gasification of settlements is carried out at a slow pace because of absence of facilities; communal services are budgetary organization with insufficient financing.

Save the aforesaid, rise of domestic prices for rerolling tubular billet and tube strip reduces the profitability of manufacturing of tube production.

## DESCRIPTION OF ESSENTIAL FACTORS WHICH MAY TELL ON THE COMPANY'S ACTIVITY IN FUTURE

The essential factors which may affect the Company's activity are as follows:

- changes of Tariff Legislation of Ukraine and CIS countries in questions of produce exports;
- change of need at primary markets in CIS countries. The experience shows that the Company's activity is influenced by cyclic fluctuations depending upon general economic conditions, certainty and incomes of Consumers, level of demand for the Company's produce, availability of funding sources and value of credits to a considerable degree.

The following risks may tell upon the Company's activity:

1. Instability of Legislation including change of Taxation Policy.
  2. Worsening of general economic situation in Ukraine. This risk is minimized because the Company has diversified system for distribution of own production.
  3. Abrupt rise of value of borrowed funds. This risk is minimized due to work with some Borrowers and at the expense of diversification of funding sources.
  4. The Laws and Norms regulating activity of enterprises in Ukraine often change and that's why, the Company's assets and operations may run the risk because of negative changes in political and business circles.
  5. Force-majeure. This risk is minimized by dint of insurance of production facilities, transportation of commodity output etc.
- Often and in many cases groundless meddling of State Structures in the Company's activity may also be considered among the risk factors.

## MEASURE OF DEPENDENCE UPON LEGISLATIVE OR ECONOMIC LIMITATIONS

1. Antimonopoly Law.

Domestic Ukrainian Antimonopoly Law greatly restricts the Company's abilities as to putting pressure upon the Buyer of production in any form including refusal from production of monopolistic kinds of production.

2. State price regulation.

At present, there is no State price regulation for the Company's production.

## INFORMATION ON FACTS OF INDEMNITY AND FINE PAYMENT DUE TO BREACH OF LEGISLATION IN FORCE

The Company carries its activity out on the grounds and in accordance with Legislation of Ukraine in force as well as with this By-Law.

The Company carries out its foreign-economic activity as a subject of foreign-economic activity in accordance with its purpose and within the bounds of subject of its activity.

The Company has paid penalties to the amount of 32 thousand UAH for incorrect indication of Code of Consignee by results of its financial and economic activity for 2004.

## POLICY AS TO FINANCING OF ACTIVITY

In 2004 the financial activity was oriented to provision of balanced use of means, keeping up of discipline of payments, attainment of rational proportions of own and loan capital and most efficacy use of the one.

Financial results of the Company's activity are characterized by the sum of profit gained and the level of return on production being manufactured. The Company has got 360 514 thousand UAH of gross profit by results of its work in 2004. The net profit has made 102 663 thousand UAH by results of 2004.

### Structure of Equity Capital, thousand UAH:

	On the 1 <sup>st</sup> of January, 2004	On the 1 <sup>st</sup> of January, 2005	Changes happened during 2004
Authorized Capital Stock	13 471.00	13 471.00	0
Share Capital	0	0	0
Additional Laid-Down Capital	37 181.00	37 181.00	0
Additional Laid-Down Capital	470 662.00	468 628.00	- 2 034.00
Capital Reserves	19 086.00	19 993.00	907.00
Retained income (outstanding loss)	348 744.00	447 504.00	98 760.00
Outstanding Capital	0	0	0
Withdrawn Capital	0	0	0
<b>TOTALLY</b>	<b>889 144.00</b>	<b>986 777.00</b>	<b>97 633.00</b>

The Equity Capital of the Company for 2004 has increased by 97 633 thousand UAH mainly, at the expense of revenue remaining in the Company's disposal making 98 760 thousand UAH. 907 thousand UAH were invested in the Surplus Fund in accordance with Decision of Stockholders Meeting.

Status of Equity Capital is reflected in the autonomy ratio making 0.4074 on the 1<sup>st</sup> of January, 2005 against 0.6527 for corresponding period of the previous year. However, reduction of this ratio doesn't mean the reduction of capital but redistribution into investment. Nevertheless, its value is rather high; this testifying to the fact that financial status of the Company is independent of external sources.

Increase of Equity Capital Share, right investment of the one, balance of assets and the source of their formation as well as paying capacity and solvency all these factors make for rise of financial independence of the enterprise. There exists the entire system of indices for appreciation of financial status characterized by the following ratios:

Ratios	Normative	01.01.04	01.04.04	01.07.04	01.10.04	01.01.05
Current liquidity ratio	1.0-3.0	2.1245	2.3950	1.8608	0.9189	1.3144
Quick liquidity ratio	>0.6	1.2791	1.6454	1.0783	0.5783	0.9660
Autonomy ratio	>0.5	0.6527	0.6346	0.5231	0.4114	0.4074
Indebtedness ratio	<1.0	0.3473	0.3654	0.3627	0.3647	0.3021

The current liquidity ratio shows to which degree the entire indebtedness by short-term (current) financial liabilities may be paid off at the expense of all its current (circulating) assets. It is defined as ratio of value of circulating capital to the value of current liabilities. The current liquidity ratio for 2004 has reduced but its index is within the norm.

The quick liquidity ratio shows to which degree all of short-term (current) financial liabilities may be paid off at the expense of high-quick assets (including ready circulating media). This ratio is defined as ratio of value of money assets and accounts receivable to the value of current liabilities. Its index is within the norm.

The autonomy ratio indicates to which degree the volume of assets used by enterprise is formed at the expense of Equity Capital and to which extent it is independent of external sources of financing. It is defined as ratio of value of Equity Capital to the total amount of capital of the enterprise. One may mark reduction of autonomy ratio; this is connected to redistribution of capital in investment having happened.

The indebtedness ratio shows a share of Borrowed Capital in balance currency. This ratio is defined as ratio of value of Borrowed Capital to the total sum of capital of the enterprise.

The indebtedness ratio has reduced.

Decrease of values of some ratios isn't characteristic of worsening of financial state of financial status of enterprise. At present, a wide investment policy is carried out.

### **INFORMATION ON VALUE OF AGREEMENTS HAVING BEEN CONCLUDED BUT BEING NON-FULFILLED YET**

The value of concluded but non-fulfilled Agreements (Contracts) for sale of the Company's production makes 445 944 411.53 UAH by state on the 31<sup>st</sup> of December, 2004.

### **FORECASTS AND PLANS**

The primary task of the Company for 2005 lies in organization of production and economic activity of the Joint-Stock Company with the view of maximum profit-gaining and ensuring of renewal of permanent assets, technical re-equipment of manufacture and raise of capitalization of the Company on these grounds.

It is planned to produce 574.0 tons of tubes and 241.6 tones of finished steel in 2005.

To carry this task out it is necessary to provide for:

1. Fulfillment of approved budget for 2005.
2. Reduction of costs for production manufacturing at the expense of rational usage of material, labour, fuel-energy and other kinds of resources.
3. Enhancement of efficiency of functioning of Quality Management System.
4. Making arrangements as to technical re-equipment of production and sustaining of technical level, modernization of equipment, introduction of progressive scientific and technical elaborations, mastering of new kinds of tubes, railway wheels and treads with the view of raising competitive ability of production and expansion of markets.
5. Rhythmical manufacturing of high-quality production within the term established by the Customer.

It is foreseen the increase of export potential of the Company at the expense of enlargement of range of tubes and wheels manufactured and stabilization of quality of production made in the result of realization of plan of technical development.

### **DESCRIPTION OF THE COMPANY'S POLICY AS TO RESEARCHES AND ELABORATIONS**

The main trends of the Company's activity in 2004 were elaboration of new and perfection of existing technologies with the view of manufacturing of production in accordance with requirements of International Standards, improvement of quality of production and reduction of prime cost and power intensity at that.

Volume of expenditures for researches, researches and developments for the last three years has made:

- 2002 – 386 thousand UAH;
- 2003 – 433.3 thousand UAH;
- 2004 – 1 138.4 thousand UAH;

Volume of expenditures for production development for the last three years has made

- 2002 – 69 088 thousand UAH;
- 2003 – 33 918.1 тысяч гривень;
- 2004 – 32 280.5 thousand UAH;

Upon current conditions, technical re-equipment presents itself a primary precondition of competitive ability of production at the world markets. The questions of modernization are of special topicality in the field of tube production where the markets are quite extremely



capacious and utterly competitive. The procedures of introduction of new technologies and equipment, elaboration and mastering of manufacturing of new kinds of production should be unceasing by definition. Today, when permanent rising of Consumers' requirements to the quality and serviceability of tubes, it takes on special significance.

The key aspect of enterprise strategy for 2005 – 2010 is strengthening and expansion of own participation in strategically important production marker sectors, that is:

- casing tubs;
- railway wheels;
- seamless tubes for gas- and oil-pipelines;
- general-purpose seamless tubes

The Company has elaborated Investment Program of technical development based on comparison of strategic market purposes, actions of competitors as well as technical and technological production level of the enterprise being aimed at improvement of quality of products and reduction of outlays.

The Program consists of four principal directions:

- development of existing production capacity lying in modernization of rolling-mill aggregates and processing facilities as well as in additional equipment of the plant shops with facilities for nondestructive check, test facilities and equipment for improvement of production appearance;

- construction of Electric Furnace Steelmaking Complex with piecemeal laying off of existing open-hearth furnaces;
- keeping of technical production level lying in support and renewal of performance capabilities of equipment with high rate of wear;
- reduction of outlays for production manufacturing;

Realization of investment Program will give our enterprise the possibility to improve qualitative characteristics of production, to reduce the prime cost of finished commodity, to raise competitive advantages of the enterprise, to strengthen status of the Company at the markets of Ukraine, Russia and CIS countries while raising the share of sales of strategically important kinds of production.

The following arrangements are planned to be realized in 2005:

1. Installation of device for ultrasonic check "Uniscan-Luch" at wheel rolling mill.
2. Modernization of rolling mill KHPT 90 with replacement of double-roll stand by four-roll one "Tandem";
3. Transfer of a couple of pipe-threading machines ST M 22 MF from "NTC", OJSC to the casing area of Tube-Rolling Plant # 5.
4. Installation of tube-cutting facilities making use of saws at the mill line along with modernization of Automatic Control System of tube-welding plant.
5. To begin construction of Electric Furnace Steelmaking Complex.

The Company gradually begins to carry authority not only as reliable Supplier but as Manufacturer of qualitative produce at that. Quality of the Company's produce has been repeatedly confirmed by Conclusions of world-known enterprise "SGS Ukraine" (city of Odessa) having carried out independent inspection at the Decision of Administration or upon requests of the Consumers.

Quality Management System is based on the Requirements of International Standard ISO 9001:2000 and takes into account the Standard Requirements of American Petroleum Institute API Q1 and Association of American Railways AAR M M-1003.

Introduction of Quality Management System instills confidence in the Customers in high quality of production manufactured by our Company and this is assured by arranged organization of production, methods of industrial process and quality control and high professional skill of operative personnel. Availability of Quality Management System in the Company makes possible the Company's participation in International tenders for supply of production. Quality Management System is certified:

- by interregional Scientific and Engineering Centre of Standardization and Certification of Tubes, Cylinders and other Metal Production "UNITI-TEST" for compliance with DSTU ISO 9001-2001;
- Works Inspectorate TUV Industrie Service Gmb of the Enterprise TUV Rheinland Group Certification Body TUV CERT for correspondence with DIN EN ISO 9001:2000;
- Certification Body of Quality Systems and production of American Petroleum Institute for compliance with API Q1;
- Certification Body of Quality Systems and production of Association of American Railways for compliance with AAR M M-1003.

The Company's Services elaborate and introduce measures aimed at improvement of production quality and perfection of Quality Management System with the view of meeting of the Customer's requirements and rising of production competitive ability. To reach the purpose set they use the analysis of following information: heightening Standard Requirements on production and Quality Systems, additional Consumers' requirements, results of internal and outside audits, results of Input Data Statistical Check of System Processes,

In June 2004 the specialists of the Company have introduced the Environment Management System in accordance with requirements of International of ISO of series 14000 integrated with Quality Management System being in effect.

In future, the Company will continue work in quality perfection of its produce, search of new markets and modernization of information technologies in order of acquiring ability to analyze the market better and consolidate own reputation of the Company. This strategy will make in possible for the Company to keep its competitiveness at the International Markets due to high quality of the Company's production and proper understanding of the Consumer demand.

#### OTHER INFORMATION

The gross profit of the Company has increased by 67.9 per cent for 2004 having made 360 514 thousand UAH. Nevertheless, the profitability of production sold having been calculated by gross profit has reduced having made 11.7 per cent for 2004.

The accounts receivable have reduced by 72.9 per cent as against the beginning of the year and have made 525 033 thousand UAH on the 1<sup>st</sup> of January, 2005. The account payable has increased having made 533 477 thousand UAH on the 1<sup>st</sup> of January 2005. The ratio of coefficient of accounts receivable and account payable has risen from 0.79 to 1.02.

For today, modernization and technical re-equipment of production remain one of the most important and probably the crucial factors for consolidation of the Company's positions as at domestic market of tube and wheel and tread products so at foreign markets. To provide for real efficacy of procedure of modernization of facilities as for achievement of tactic purposes concerning increase of current shipments, so with the view of long-term participation in the market, one is necessary select proper directions of technical re-equipment and to find just the very same "points of force application" which stipulate getting of maximum effect from modernization. The main directions of these processes are introduction of new technologies and equipment, reduction of outlays and increase of Quality Control of production.

For the last three years, the work packages directed to reduction of costs and rising of profitability of manufacture were elaborated and introduced (or still remaining at the stage of introduction) Viz:

- purchasing of system for nondestructive check of tubes by ultrasonic method produced by Company "TURBOSCOPE" (USA);

- putting in operation of Wheel Machining Area consisting of 10 work benches;
- transfer of open-hearth furnaces to the technology with using of "bottom" blowing;
- modernization of Induction Heating System TPA-140;

The Program of quality improvement and mastering of manufacture of rail wheels of new type for "Ukrzaliznytsya" is in the stage of execution.

The works on mastering of new kinds of production are also carried out the Company with the view of increasing of sales volumes. So, in 2002 – 2004 there was mastered the manufacture of following kinds of production:

- corrosion-resisting tubes of oil-and-gas range;
- tubes meant for export with increased requirements by their power plasticity characteristics being produced secundum requirements of Foreign Standards;
- boiler tubes made of steel of 20 grade of ingot of domestic manufacture;
- more than 30 dimension-types of railway wheels and treads.

At present, the Project directed to mastering of manufacture of casing tubes with high-waterproof gas-tight joints is being carried out.

There a series of Programs on rising of durability of rolling-mill machinery of tube-rolling and wheel rolling mills are being executed.

In 2002-2004 the Company has carried out the works in the field of chemical treatment aimed at improvement of quality, reduction of outlays, improvement of hygiene and sanitary conditions of work by the following directions:

- protection of tubes and railway wheels from corrosion damage while their transportation and warehousing;
- corrosion protection of hardware in the shops of plant;
- chemical treatment and covering process oils under procedures of cold deformation;
- electroplating of couplings

The works on introduction of Complex Automated System for control of financial and economic activity on the basis of System "IT-Enterprise" are carried out at the enterprise with the view of approval of optimally correct Management Decisions.

The Company exercises permanent control in questions of ecological improvement while solving the problems of technical re-equipment and improvement of technical and economic indices of work because the basic plants – steelmaking and tube-rolling ones - exert man-caused influence upon the environment.

In 2004 there were made nature conservation arrangements to the sum of 483 thousand UAH. There were taken a series of measures as to improvement of ecological situation in the Company. So, for instance, 904 thousand tons of slag were processed only at the slag-heaps within 2004 and 77.8 thousand tons of metal scrap of this slag were returned to the production.

In 2004 there were being continued the complex works on solving of social questions which are the basis of stabilization of economic growth, among which:

- setting up of rational management structure of the Company and efficacy system of remuneration of labour;
- regular wage payment;
- improvement of conditions of work;
- rendering the employees a wide range of cultural and household, medical, sanitary and other services.

The employees whose work is connected with harmful production factors undergo periodic medical examination, and receive the personal protective facilities, medications and special food.

The Companies produce is radiation-secure and ecologic-innocuous. Realization of ecological strategy is controlled by dint of carrying out of standard analyses. The results of analyses are registered and in case of revealing of deviations from established Standards, the measures on bringing of source of harmful emissions to the norm and liquidation of deleterious effects are taken immediately.

Among the top-priority tasks requiring the first and foremost solution the most important one as in the State, so in the Company is the increase of money incomes of the population because just the citizens' living standard is the basic criterion of efficacy of economic and social policy.

International recognition and respect which the Company enjoys all over the world are confirmed by numerous prizes and rewards for competitive produce as well as for integration into the world economy.

The Company has stainless business reputation, fulfills its commitments consciously and has proved itself as trustworthy and reliable partner.

**LIMITED LIABILITY COMPANY**  
**AUDITING FIRM**  
**INSIDER – CENTRE**  
tel./fax: 744-33-06, tel.: 371-61-40, 371-61-42  
E-mail: root@insider.dp.ua  
29-A Naberezhna Lenina, Dnipetrovsk 49600

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# 01-02/06  
April 19, 2005

G.O. Yesaulov  
Chairman of Board of Open  
Joint-Stock Company  
“Nizhnedneprovsky Tube-Rolling Plant”

Dnipetrovsk Territorial Board  
State Commission in Securities and  
Stock Market

**AUDITOR'S CONCLUSION**

**On Financial Accounts of Open Joint-Stock Company  
“Nizhnedneprovsky Tube-Rolling Plant”**

Limited Liability Company the Auditing Firm “Insider – Centre” in accordance with Agreement # 02-02/03-06/530040130 of the 25<sup>th</sup> of December, 2003 and Additional Agreement # 1 of the 10<sup>th</sup> of August, 2004 acting on the grounds of By-Law and Certificate on entering in the Register of subjects of Auditing Activity # 2459 issued by Decision of Auditing Chamber of Ukraine # 98 of the 26<sup>th</sup> of January, 2001 remaining in force till the 26<sup>th</sup> of January, 2006 which registered address is: 29-A Naberezhna Lenina, Dnipetrovsk 49600 (telephones (056) 371-61-42, 744-33-06) has carried out the Audit of authenticity of consolidated Balance Sheet by state on the 31<sup>st</sup> of December, 2004, Account on Financial Results, Account on Cash Flow, Account on Equity Capital and Notes to Annual Financial Accounts for 2004 of Open Joint-Stock Company “Nizhnedneprovsky Tube-Rolling Plant”.

The Audit was carried out in Dnipetrovsk city since the 7<sup>th</sup> of December, 2004 till the 30<sup>th</sup> of March 2005.

To conduct the Audit there was presented the information on financial and economic activity of Open Joint-Stock Company “Nizhnedneprovsky Tube-Rolling Plant” for the period since the 1<sup>st</sup> of January, 2004 till the 31<sup>st</sup> of December, 2004.

The Management of Open Joint-Stock Company “Nizhnedneprovsky Tube-Rolling Plant” is liable for authenticity and fullness of information presented. We were charged with preparation of Auditor's Conclusion by the results of Audit.

The Audit was conducted in accordance with requirements of Laws of Ukraine “On Auditing Activity”, “On Securities and Stock Exchange”, “On State Regulation of Equity Market in Ukraine”, “On Business Accounting and Financial Accounts in Ukraine”, National Provisions (Standards) of Business Accounting, International Standards of Audit and Ethics other Legislative Acts and Requirements of State Commission in Securities and Stock Market made to the Auditor's Conclusion and Certificate on Financial State of Limited Liability Company approved by Decision of State Commission in Securities and Stock Market # 5 of the 25<sup>th</sup> of January, 2001 (in the version of Decision of State Commission in Securities and Stock Market # 484 of the 17<sup>th</sup> of November, 2004) and are registered in the Ministry of Justice of Ukraine under # 139/5330 of the 15<sup>th</sup> of February, 2001.

The International Auditing Standards make us to plan and to conduct the Audit with the view of getting of grounded certainty as to the fact that the Accounts contain no any substantial distortions. The Audit includes inspection by dint of testing of evidences confirming the sums and presentation of information in the Financial Accounts. The Audit also includes the appreciation of principles of Business Accounting and important previous evaluations carried out by the Management Personnel as well as the appreciation of presentation of Financial Accounts in general.

We consider that the Audit having been conducted by us provides grounded basis for expression of our Opinion:

In the result of carrying of the Audit out there was established:

**Full name:**

Open Joint-Stock Company “Nizhnedneprovsky Tube-Rolling Plant”

**Code of YedROPU:**

05393116;

**Location:**

21 Stoletova vul., Dnipetrovsk 49081 Ukraine

The Company is registered by Dnipetrovsk Executive Committee, Certificate on State Registration of legal person of the 28<sup>th</sup> of December, 1994, series A 00 # 401337, number of record on entering of data on legal person in the Unified State Register is 1 224 120 0000 001344.

The Company carries its activity out on the basis and in accordance with Legislation of Ukraine in force as well as with the By-Law. The basic activity categories of the Company in accordance with the Certificate on entering in YedROPU issued by Dnipetrovsk Regional Board of Statistics of the 1<sup>st</sup> of September, 2004 are as follows:

Code by KVED	Activity category (the first – basic one)
27.10.0	Black metallurgy
27.22.0	Production of steel tubes
85.12.0	Medical practice
85.13.0	Stomatological practice
73.10.0	Investigations and elaborations in the field of natural and technical sciences
51.70.0	Other kinds of wholesale trade

Financial activity submitted is based on the principles and methods of information presentation regulated by National Standards (Provisions) of Business Accounting. The indices of Financial Accounts and Business Accounting comply with each other.

The assets, liabilities, capital, revenues and outlays are classified and appreciated in accordance with accounting policy of the Company based on Provisions of Business Accounting.

The List of connected Parties wasn't determined by the Company. However, a substantial share of purchases and sale, issuing and obtaining of guarantees and deposits is carried out by NVIG "Interpipe" which by significance of relations may be regarded as the operations among related Parties. There is no information as to the essence of relationship and kinds of operations with related Parties in the Financial Accounts.

To our mind, save the aforesaid restrictions: assets, liabilities Equity Capital, receipts and expenditures adduced in the Financial Accounts, are by and large recognized and classified in accordance with conceptual bases of Provisions (Standards) of Business Accounting; Financial Accounts reflect financial status of Open Joint-Stock Company "Nizhnedneprovsky Tube-Rolling Plant" on the 31<sup>st</sup> of December, 2004 as well as the result of its activity true and fairly in accordance with Provisions (Standards) of Business Accounting of Ukraine and meet the requirements of Legislation.

The Certificate on financial status of Open Joint-Stock Company "Nizhnedneprovsky Tube-Rolling Plant" on the 31<sup>st</sup> of December, 2004 is enclosed.

Auditor,  
Executive Director  
of Company "Insider – Centre"  
Certificate series "A"  
# 001778 issued by  
the Auditing Chamber  
of Ukraine of the 27<sup>th</sup> of December, 1994.  
Decision # 23 which legal effect  
is prolonged by Decision of the Auditing Chamber  
of Ukraine # 128  
of the 30<sup>th</sup> of October, 2003

(signature)

V.V. Zinkevych

Seal:  
Ukraine, city of Dnipropetrovs'k  
Limited Liability Company  
Auditing Firm "Insider-Centre"  
Identification Code 31154676  
INSIDER-CENTRE

**on financial status of Open Joint-Stock Company  
“Nizhnedneprovsky Tube-Rolling Plant”**

Calculation of indices of financial status and solvency was conducted on the grounds of accounts presented on the 31<sup>st</sup> of December, 2004.

**Analysis of liquidity indices**

	31.12.2002	31.12.2003	31.12.2004	Norm
Liquidity ratio				
Total (pay-off ratio)	3.03	2.08	1.34	1.0-2.0
Quick liquidity ratio	1.84	1.27	0.96	0.6-0.8
Absolute liquidity ratio	0.04	0.02	0.2	0.25-0.5

Total liquidity ratio (pay-off) testifies to adequacy of circulating assets to repay the debts and average level of the Company's solvency.

Intermediate ratio of (quick) liquidity 0.96 means that the Company may pay-off current liabilities upon quick mobilization of account receivable.

Meaning of the absolute (timed) liquidity ratio 0.2 testifies that Company can't settle up with its partners quickly due to lack of means as on the settlement account so on the other ones in the bank.

Analysis of the Company's solvency has proved that the level of paying capacity didn't change much pending 2004. The Company has liquid balance as for the state on the 31<sup>st</sup> of December, 2004 and is able to liquidate the debts.

**Analysis of Indices of Financial Stability**

	31.12.2002	31.12.2003	31.12.2004	Norm
Autonomy ratio	0.84	0.65	0.4	0.25-0.5
Liabilities pay-off ratio by Equity Capital (Capital Structure)	0.18	0.53	1.47	0.5-1.0

Autonomy ratio shows that weight of Internal Funds in general sources of finance makes 40 per cent on the 31<sup>st</sup> of December, 2004, that is, financial status of the Company depends upon outside funding sources.

Liabilities pay-off ratio by Equity Capital (Capital Structure) testifies that weight of obtained funds in the total sum of money is equal to 147 per cent on the 31<sup>st</sup> of December, 2004.

**Conclusion:** Open Joint-Stock Company “Nizhnedneprovsky Tube-Rolling Plant” is characterized as liquid, solvent enterprise but its financial status depends upon outside funding sources.

Auditor,  
Executive Director  
of Company “Insider – Centre”  
Certificate series “A”  
# 001778 issued by  
the Auditing Chamber  
of Ukraine of the 27<sup>th</sup> of December, 1994.  
Decision # 23 which legal effect  
is prolonged by Decision of the Auditing Chamber  
of Ukraine # 128  
of the 30<sup>th</sup> of October, 2003

(signature)

V.V. Zinkevych

Seal:  
Ukraine, city of Dnipropetrovsk  
Limited Liability Company  
Auditing Firm “Insider-Centre”  
Identification Code 31154676  
INSIDER-CENTRE

Addition  
to Regulations (standard)  
of accounting 2

Data (year, month, day)

CODES		
2005	1	01
05393116		
1210137200		
10		
6024		
12140		
27.10.0		

Enterprise

"Nizhnedneprovsky tube-rolling plant" open joint-stock company

Territory

Ownership form: **Private property**

Organ of State control

**Open joint-stock companies established on the base of state enterprises**

Branch (type of activity) **Tubes production**

Form of economic activity: **Ferrous metallurgy**

Unit of measurement: **th.grn.**

Address: 6.21, Stoletova str., Dnipropetrovsk, 49081

by EDRPOU

by KOATUU

by SPODU

by ZKGNG

by KVED

Control sum

## BALANCE SHEET

as per December 31, 2004 (consolidated)

Form # 1      Code by DKUD      1801001

Assets	Code of line	As per beginning of the year	As per the end of reporting period
1	2	3	4
<b>I. Non-current assets</b>			
Intangible assets			
residual value	010	102	79
original value	011	333	333
accumulated amortization	012	( 231 )	( 254 )
Incomplete construction	020	21557	25316
Fixed assets:			
residual value	030	433152	422698
original value	031	1195982	1224734
depreciation	032	( 762830 )	( 802036 )
Long-term financial investments:			
taken account of by the method of participation in the capital of other enterprises	040	257142	20115
other financial investments	045	70720	972089
Long-term debtor indebtedness	050	1362	67
Deferred tax assets	060	31998	33960
Other non-current assets	070	0	0
Goodwill at consolidation	075	0	0
<b>In all for section I</b>	<b>080</b>	<b>816033</b>	<b>1474324</b>
<b>II. Current assets</b>			
Stores:			
production stores	100	129116	138727
animals on growing and fattening (livestock)	110	0	0
incomplete production	120	49036	54498
finished produce	130	32938	80548
goods	140	4807	1156
bill received	150	0	0
Debtor indebtedness for goods, works, services:			
net realization value	160	257253	180879

1	2	3	4
original value	161	257733	181387
doubtful debt reserve	162	( 480 )	( 508 )
Debtor indebtedness at settlements:			
with the budget	170	12831	18590
at advances issued	180	39843	48612
from calculated income	190	123	152
from internal settlements	200	0	0
Other current debtor indebtedness	210	3577	275380
Current financial investments	220	0	0
Monetary resources and their equivalents:			
in national currency	230	531	5089
in foreign currency	240	4456	133785
Other current assets	250	18098	39507
<b>In all for section II</b>	<b>260</b>	<b>552609</b>	<b>976923</b>
<b>III. Deferred expenses</b>	<b>270</b>	<b>3082</b>	<b>3223</b>
<b>Balance</b>	<b>280</b>	<b>1371724</b>	<b>2454470</b>

Liabilities	Line Code	At the beginning of the accounting period	By the end of the accounting period
1	2	3	4
<b>I. Owner's equity</b>			
Authorized capital	300	13471	13471
Share capital	310	0	0
Additional share capital	320	37181	37181
Other additional capital	330	470662	468628
Reserve capital	340	19086	19993
Undivided profit (non-covered losses)	350	348744	447504
Unpaid capital	360	( 0 )	( 0 )
Retired assets	370	( 0 )	( 0 )
Accumulated exchange difference	375	( 0 )	( 0 )
<b>In all for section I</b>	<b>380</b>	<b>889144</b>	<b>986777</b>
Minority share	385	0	0
<b>II. Following expense and payment security</b>			
Personnel payment security	400	11068	18223
Other securities	410	0	0
Insurance reserve sum	415	0	0
Reinsurer share sum in insurance reserves	416	( 0 )	( 0 )
Special-purpose funding	420	194	0
<b>In all for section II</b>	<b>430</b>	<b>11262</b>	<b>18223</b>
<b>III. Long-term obligations</b>			
Long-term bank credits	440	0	0
Other long-term financial obligations	450	0	0
Deferred tax obligations	460	0	0
Other long-term obligations	470	205891	717719
<b>In all for section III</b>	<b>480</b>	<b>205891</b>	<b>717719</b>
<b>IV. Current obligations</b>			
Short-term bank credits	500	17058	194708

1	2	3	4
Current indebtedness under long-term obligations	510	0	0
Bills issued	520	38885	42005
Creditor indebtedness for goods, works, services	530	194112	471452
Current obligations for settlements:			
from advances obtained	540	2817	558
with the budget	550	2225	9705
from extrabudget payments	560	674	824
from insurance	570	2568	3198
from payment for work	580	5132	7067
with participants	590	260	295
from internal payments	600	0	0
Other current obligations	610	1696	1939
<b>In all for section IV</b>	<b>620</b>	<b>265427</b>	<b>731751</b>
<b>V. Deferred income</b>	<b>630</b>	<b>0</b>	<b>0</b>
<b>Balance</b>	<b>640</b>	<b>1371724</b>	<b>2454470</b>

#### NOTES:

Reporting period for drawing up financial accountancy is a calendar year.

Financial accountancy which is submitted is based on principles and methods of disclosing information, which are regulated by national provisions (standards) of bookkeeping accountancy, which are used beginning from January 2000..

Main assumptions - principle of calculation and continuity.

Basis of measurement of financial report elements - original value..

Assets are determined in the amount of monetary resources or fair value of other expenses for their acquisition. Obligations are determined in the amount of earnings obtained in exchange for obligation.

Assets and obligations are divided in the balance into long-term ones and current ones.

Accountancy of assets of the Company is classified like the following:

- non-current assets;
- long-term financial investments;
- stores;
- debtor indebtedness;
- monetary resources.

Fixed resources are recognized as an asset according to original value.

Original value of fixed assets is enlarged by the sum of expenses connected with improvement of the object (modernization, additional equipment, reconstruction and so on).

Recovery and repair of assets are shown as expenses in "Report on financial results" in case such expenses are incurred.

According to accountancy politics value characteristics are established of objects which are included in small-value non-current material assets – 1000 UAH.

Land is not property of the Company, it is rented..

Amortization is calculated in accordance with norms and method of tax legislature.

Profits and losses because of replacement of fixed assets are shown in "Report on financial results".

By the date of balance, balance value of fixed asset objects was not revised with the aim of determination of possible diminishing of usefulness. Original value of objects which reached by the date of balance value equal to "0" amounted to 9631 thou UAH. After-appraisal of these objects was not carried out because of insufficient influence of financial accountancy..

Value of incomplete capital investments is taken account of according to value of incurred expenses..

Intangible assets are accounted for on the balance according to original value minus amortization. Depreciation of intangible assets is carried out during the term of their useful use, which is determined at the moment of acknowledgement of an asset with the use of direct method.

Long-term financial investments are included in the balance according to original cost..

By the date of balance financial investments, in which influence of investor is considerable, are taken account of by the method of participation in the capital. Expenses because of diminishing usefulness of financial investments are acknowledged as other expenses..

Sum of deferred tax asset is acknowledged from temporary differences in determination of balance value of fixed assets in financial and fiscal accountancy, which are likely to be taxed by profit..

Inventories are taken into account in the balance by their cost.

Appraisal of stores on arrival is carried out according to original cost..

Appraisal of retirement of stores is carried out like the following::

- raw materials, basic materials, semifinished products - by average weighted cost;
- as to auxiliary materials, fuel, low-value quick wearing objects - by FIFO method;
- goods in retail trade - by the selling price.

Transport-procurement expenses are accounted for on separate accounts.



In accordance with accepted accounting politics, based on prudence principle and level of information substantiality, current low-value quick-wearing objects are acknowledged as such irrespective of the term of operation and value up to 300 UAH, and also with term of operation up to one year, irrespective of value. Value of low-price quick-wearing objects when commissioning is excluded from assets.

Stores of finished produce are shown by production cost..

Value of incomplete production includes direct and production overheads expenses..

Debtor indebtedness for products, works, services is shown in the balance by net realization value.

Doubtful debt reserve is determined on the basis of debtor indebtedness classification on which borrowing period of limitation has expired

Monetary funds include sum of money in the cashier's office, on settlement accounts and demand deposits, sums in foreign currencies transferred at National Bank of Ukraine rate of exchange by the date of report completion..

Obligations are accounted for on the balance when acknowledging assets or expenses as a result of past operations and events. Long-term obligations are determined by the following:: purpose long-term loan; indebtedness secured with long-term bills.

Obligations are appraised by the value of acquisition and are accounted for on the balance up to expiration of the term of ageing of a claim. Securities of future expenses and payments are taken into account by the purpose and are calculated by reserves for holiday payment and rewards at the end of the year.

Ownership capital is determined by authorized and reserve funds, by the sum of emission profit and other additional capital.

Other additional capital consists of the following:

- sum of indexation of after-appraisals carried out according to solutions of the Cabinet of Ministers of Ukraine in connection with inflation;

- replenishment of current funds and purposeful financing in connection with participation in the experiment according to the Law of Ukraine "On further development of mining-metallurgical complex".

In accordance with the Provision (standard) of accountancy 1 "General requirements to financial accountancy", approved by the order of Finance Ministry of Ukraine as of March 31, 1999 № 87 p. 11 "in rows of financial accountancy forms, which have no indicators, a dash is inserted". When completing financial form "Balances" with help of "AFR-OJSC" this possibility is not envisaged, that is why in lines of "Balance", which have no indicators, "0" is inserted.

Chairman

(signature)

Yesaulov Gennadiy Oleksandrovych

(name)

Chief accountant

(signature)

Sokolova Iryna Volodymyrivna

(name)

Seal:

Ukraine city of Dnipropetrovsk

Open Joint-Stock Company

"Nizhnedneprovsky Tube Rolling Plant"

05393116

Addition  
to Regulations (standard)  
of accounting 3

Data (year, month, day)

CODES		
2005	1	01
05393116		
1210137200		
6024		
12140		
27.10.0		

Enterprise

"Nizhnedneprovsky tube-rolling plant" open joint-stock Company

Territory

Organ of State control

Open joint-stock companies established on the base of state enterprises

Branch (type of activity) Tubes production

Form of economic activity: Ferrous metallurgy

Unit of measurement: th.grn.

by EDRPOU

by KOATUU

by SPODU

by ZKGNG

by KVED

Control sum

## REPORT ABOUT FINANCIAL RESULTS THROUGH 2004 year (consolidated)

Form #2 Code by DKUD 1801003

### 1. FINANCIAL RESULTS

Name of the index	Code of line	For reporting period	For previous period
1	2	3	4
Income (proceeds) from realization (of goods, works, services )	010	2940236	1877410
Value-added tax	015	( 290879 )	( 184554 )
Excise duty	020	( 0 )	( 0 )
	025	( 0 )	( 0 )
Other deductions from income	030	( 17379 )	( 9234 )
Net income (proceeds) from realization of produce (goods, works, services)	035	2631978	1683622
Cost o realized produce (goods, works, services)	040	( 2271464 )	( 1468986 )
Gross:			
profit	050	360514	214636
loss	055	( 0 )	( 0 )
Other operational profits	060	325784	82433
Administration expenses	070	( 86322 )	( 125323 )
Expenses for sale	080	( 82866 )	( 50918 )
Other operational expenses	090	( 329474 )	( 85882 )
Financial results from operational activity:			
profit	100	187636	34946
loss	105	( 0 )	( 0 )
Profit from partnership in company	110	1743	0
Other financial profits	120	19	881
Other profits	130	7101	3177
Financial expenses	140	( 11705 )	( 2670 )
Losses due to partnership in company	150	( 0 )	( 0 )
Other losses	160	( 23732 )	( 3494 )
Financial results from usual activity			
Before tax:			
profit	170	161062	32840
loss	175	( 0 )	( 0 )

1	2	3	4
Tax on profit from usual activity	180	58399	15016
Income from tax on profit from usual activity:	185	0	0
Financial results from usual activity::			
profit	190	102663	17824
loss	195	( 0 )	( 0 )
Extraordinary:			
profits	200	0	0
expenses	205	( 0 )	( 0 )
Taxes from extraordinary profit	210	0	0
Minority shares	215	0	0
Net:			
profit	220	102663	17824
loss	225	( 0 )	( 0 )

## II. ELEMENTS OF OPERATING COSTS

Name of the index	Code of line	For reporting period	For previous period
1	2	3	4
Material expenses	230	1663592	1202473
Expenses for labor payment	240	101956	97830
Deductions for social measures	250	40331	37690
Amortization	260	38952	39282
Other operational expenses	270	154529	164947
Altogether	280	1999360	1542222

## III. CALCULATION OF INDICES

Item	Line code	For the accounting period	For the preceding period
1	2	3	4
Average annual number of ordinary shares	300	53885000	53885000
Corrected average annual number of ordinary shares	310	53885000	53885000
Net profit, (loss) per one ordinary share (UAH)	320	1,90522	0,33077
Corrected net profit, (loss) per one ordinary share (UAH)	330	1,90522	0,33077
Dividends per one ordinary share (UAH)	340	0	0,056

### NOTES:

Profit is defined according to principle of calculation and correspondence

Profit from realization of produce is acknowledged when shipping the produce.

Profit from rendering services is acknowledged by assessing the degree of completion of operation by investigating the work performed.

Acknowledged profits are classified by the following

1) profit from realization of produce, goods, works, services:

- other operational profits;

- financial profits;

- other profits.

2) extraordinary profits.

Expenses are acknowledged in the report on profits and losses on the basis of direct connection between incurred expenses and profit receipts.

Expenses are acknowledged also in those cases, when future economic advantages no longer correspond to requirements for acknowledgment of them in the balance as an asset.

In accordance with the Provision (standard) of accountancy 1 "General requirements to financial accountancy", approved by the order of Finance Ministry of Ukraine as of March 31, 1999 № 87 p. 11 "in rows of financial accountancy forms, which have no indicators, a dash is inserted". When completing financial form "REPORT ABOUT FINANCIAL RESULTS THROUGH " because of help of "AFR-OJSC " this possibility is not envisaged, that is why in lines of "REPORT ABOUT FINANCIAL RESULTS THROUGH ", which have no indicators, "0" is inserted.

Chairman

(signature)

Yesaulov Gennadiy Oleksandrovych

\_\_\_\_\_  
(name)

Chief accountant

(signature)

Sokolova Iryna Volodymyrivna

\_\_\_\_\_  
(name)

Seal:  
Ukraine city of Dnipropetrovs'k  
Open Joint-Stock Company  
"Nizhnedneprovsky Tube Rolling Plant"  
05393116

Addition  
to Regulations (standard)  
of accounting 4

Data (year, month, day)

Enterprise

"Nizhnedneprovsky tube-rolling plant" open joint-stock Company

Territory

Organ of State control

Open joint-stock companies established on the base of state enterprises

Branch (type of activity) Tubes production

Form of economic activity: : Ferrous metallurgy

Unit of measurement: th.grn.

by EDRPOU

by KOATUU

by SPODU

by ZKGNG

by KVED

Control sum

CODES		
2005	1	01
05393116		
1210137200		
6024		
12140		
27.10.0		

## REPORT ABOUT MOTION OF THE MONEY MEANS THROUGH 2004 year (consolidated)

Form #3 Code by DKUD 1801004

Item	Code	For reporting period		For previous period	
		Receipt	Expense	Receipt	Expense
I	2	3	4	5	6
<b>I. Movement of funds as a result of operational activity</b>					
Profit (loss) from usual activity before tax	010	161062	0	32840	0
Correction for:					
amortization of non-current assets	020	38952	X	39282	X
increase (reduction) of security	030	6961	0	3067	0
loss (profit) from unrealized rate differences	040	187	191	227	331
loss (profit) from non-operational activity	050	14869	0	0	564
Expenses on interest payment	060	11705	X	2670	X
Profit (loss) from operational activity before change of net current assets	070	233545	0	77191	0
Reduction (increase):					
of current assets	080	0	295070	0	85708
expenses of future periods	090	0	141	10	0
Increase (reduction) of:					
current liabilities	100	237190	0	319355	0
of profits of future periods	110	0	0	0	0
Monetary funds from operational activity	120	175524	0	310848	0
Paid:					
interest	130	X	11706	X	2670
taxes on profit	140	X	22894	X	8058
Net movement of funds to emergencies	150	140924	0	300120	0
Movement of funds from emergencies	160	0	0	0	0
Net movement of funds from operational activity	170	140924	0	300120	0

1	2	3	4	5	6
<b>II. Movement of funds as a result of investment activity</b>					
Realization:					
of financial investment	180	2645	X	0	X
of non-current assets	190	520	X	155	X
of property complexes	200	0	0	0	0
Obtained:					
interest	210	0	X	0	X
dividends	220	0	X	0	X
Other receipts	230	704	X	6	X
Acquisition:					
of financial investments	240	X	682614	X	265215
of non-current assets	250	X	15582	X	33869
of property complexes	260	X	0	X	0
Other payments	270	X	0	X	0
Net movement of funds to emergencies	280	0	694327	0	298923
Movement of funds from emergencies	290	0	0	0	0
Net movement of funds from investment activity	300	0	694327	0	298923
<b>III. Movement of funds as a result of financial activity</b>					
Receipts of ownership capital	310	0	X	0	X
Obtained loans	320	1005178	X	416596	X
Other receipts	330	0	X	0	X
Repayment of loans	340	X	314931	X	419199
Paid dividends	350	X	2961	X	8
Other payments	360	X	0	X	0
Net movement of funds to emergencies	370	687286	0	0	2611
Movement of funds from emergencies	380	0	0	0	0
Net movement of funds from financial activity	390	687286	0	0	2611
Net movement of funds over report period	400	133883	0	0	1414
Remainder of funds at the start of year	410	4987	X	6297	X
Influence of currency exchange rate change on the remainder of funds	420	191	187	331	227
Remainder of funds at the end of year	430	138874	X	4987	X

**NOTES:**

Monetary flows consist of payments in national currency of Ukraine and in foreign currencies, including the following:

- US dollars;
- Euro;
- Russian roubles

Non-monetary operations of financial activity were not carried out

Non-monetary operations of investment activity: operations for acquisition of fixed assets, settlements on which were carried out by way of an offset against debts for shipped produce, services rendered.

In accordance with the Provision (standard) of accountancy 1 "General requirements to financial accountancy", approved by the order of Finance Ministry of Ukraine as of March 31, 1999 № 87 p. 11 "in rows of financial accountancy forms, which have no indicators, a dash is inserted". When completing financial form "REPORT ABOUT MOTION OF THE MONEY MEANS THROUGH" because of help of "AFR-OJSC" this possibility is not envisaged, that is why in lines of "REPORT ABOUT MOTION OF THE MONEY MEANS THROUGH", which have no indicators, "0" is inserted.

Chairman

(signature)

Yesaulov Gennadiy Oleksandrovych

\_\_\_\_\_  
(name)

Chief accountant

(signature)

Sokolova Iryna Volodymyrivna

\_\_\_\_\_  
(name)

Seal:  
Ukraine city of Dnipropetrovs'k  
Open Joint-Stock Company  
"Nizhnedneprovsky Tube Rolling Plant"  
05393116

**Addition  
to Regulation  
of account**

Data (year, month, day)

Enterprise:

**"Nizhnedneprovsky tube-rolling plant" open joint-stock Company**

Territory:

**Organ of State control: Open joint-stock companies established on the base of state enterprises**

Branch (type of activity) Tubes production

Form of economic activity: **Ferrous metallurgy**

Unit of measurement: th.grn.

CODES		
2005	01	01
05393116		
1210137200		
6024		
12140		
27.10.0		

## REPORT ABOUT OWN CAPITAL THROUGH 2004 year (consolidated)

Form №4 Code by DKUD

1801003

[illegible]



[illegible]

1	2	3	4	5	6	7	8	9	10	11
<b>Other changes in capital:</b>										
Write off of non-com-pencated expenses	260	0	0	0	0	0	0	0	0	0
Freely acquired assets	270	0	0	0	645	0	0	0	0	645
ZU "Further development of mining-metallurgical complex"	280	0	0	0	0	0	0	0	0	0
<b>Total changes in capital</b>	290	0	0	0	( 2034 )	907	98760	0	0	97633
<b>Remainder as of the end of the year</b>	300	13471	0	37181	468628	19993	447504	0	0	986777

# **NOTES:**

Changes in remainders as of the beginning of the period are carried out in connection with write off of sums of after-valuations of fixed assets objects, which were removed and found errors, which value not significant.

1. Over reporting period there wasn't any additional shares emission of the Company

2. Shares in statute capital by separate type and categories

2.1. Number of issued shares is equal to 53 885 000 (fifty three million eight hundred eighty five thousand) of ordinary registered shares, which are completely paid up in full at value not less than nominal

2.2. Nominal value of one share – 0,25 UAH

2.3. Over the reporting period there were no changed in the number of shares which are in turn over

2.4. Company shareholders have the right:

- to participate in management of Company according to procedures envisaged with the Statute;

- to participate in distribution of Company profit and to obtain it's share (dividends). Right to obtain share of profit (dividends) in proportion to the share of each partner belong to persons, who are shareholders of the company as of the beginning of dividend payment terms;

- to obtain all information about one's personal account, and also information on Company activity. At the request of a participant, the Company is obliged to represent him for familiarization annual balances, reports on the Company activity, minutes of meetings;

- to join the Company and to leave it according to procedures, established by the state;

- to obtain a part of Company property value in case of it's liquidation in proportion to nominal value of Company shares belonging to him;

- to sell, to present, to exchange, to pledge, to inherit, to draw up a will on all or part of shares, which belong to him;

- to have priority to acquisition of shares of further emissions;

- to transfer management on one's shares (one's vote inclusive) to another person;

- and also any other actions, that do not contradict the law;

2.5. There are no shares belonging the Company itself, it's subsidiaries and associated enterprises;

2.6. Founder of the Company is the State in the person of State Property Fund of Ukraine and organization of leaseholders Nizhnedneprovskiy Tube Rolling plant named after Karl Libknekht, registered by order of Executive Committee of Dnipropetrovsk City Council of people deputies dated December 30, 1992 No 1205-p.

As of January 1, 2005 there are no ordinary shares of the Company in possession of State Property Fund of Ukraine, there are 2 922 706 (two million nine hundred twenty two thousand seven hundred six) pieces of ordinary registered shares, which makes 5,42 of authorized capital.

2.7. As of January 1, 2005 in possession of Company Executive Body members there are 2 051 935 (two million fifty one thousand nine hundred thirty five ) shares.

Shares owners, whose part in authorized capital exceeds 5 % are:

▪ "ALLIED STEEL HOLDING B.V.";

- "ROSEN ASSET MANAGEMENT S.A.";
- "BLUMBERG INDUSTRIES LLC";
- Limited Liability Company "Kuvera"
- Limited Liability Company "ABiKO"

3. There are no shares, reserved for issue according to options and other contracts

4. Due to the fact, that registered shares were not issued, there are no unpaid dividends on them.

5. There are no dividends, which were included (or not included) into obligations, when they were envisaged but formally not approved over reporting period.

In accordance with the Provision (standard) of accountancy 1 "General requirements to financial accountancy", approved by the order of Ministry of Finance of Ukraine as of March 1999 № 87 p. 11 "in lines of financial accountancy forms, which have no indicators, a dash is inserted". When completing financial form "REPORT ABOUT OWN CAPITAL THROUGH" with help of "AFR-OJSC" this possibility is not envisaged, that is why in lines of "REPORT ABOUT OWN CAPITAL THROUGH", which have no indicators, "0" is inserted.

Chairman	(signature)	Yesaulov Gennadiy Oleksandrovych	(name)
Chief accountant	(signature)	Sokolova Iryna Volodymyrivna	(name)

Seal:  
Ukraine city of Dnipropetrovsk  
Open Joint-Stock Company  
"Nizhnedneprovsky Tube Rolling Plant"  
05393116

Approved by the Order  
Of the Ministry of Finance of Ukraine  
Dated November 29, 2000 #302

CODES		
2004	I	01
		05393116
		1210137200
		6024
		12140
		27.10.0

Data (year, month, day)

by EDRPOU  
by KOATUU  
by SPODU  
by ZKGNG  
by KVED

Control sum

Enterprise:  
"Nizhnedneprovsky tube-rolling plant" open joint-stock Company

Territory:

Organ of State control: Open joint-stock companies established on the base of state enterprises

Branch (type of activity) Tubes production

Form of economic activity: : Ferrous metallurgy 9609

Number of employees

Unit of measurement: th.grn.

## NOTES TO THE ANNUAL FINANCIAL REPORT 2004 year (consolidated)

Form №5 Code by DKUD

1801003

### I. Intangible assets

Groups of intangible assets	Code of line	Balance as per the beginning of the year		Received during a year	Reevaluation (after-valuation+/-, marking down-)		Withdrawn within year		Charged depreciation per year	Losses from efficiency decrease in per year	Other changes for the year		Balance as per the end of the year	
		Initial (reevaluated value)	Wear and tear		Initial (reevaluated value)	Wear and tear	Initial (reevaluated value)	Wear and tear			Initial (reevaluated value)	Wear and tear	Initial (reevaluated value)	Wear and tear
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
natural resources	010	0	0	0	0	0	0	0	0	0	0	0	0	0
Rights on usage of property	020	0	0	0	0	0	0	0	0	0	0	0	0	0
Rights on goods and services marks	030	25	2	0	0	0	0	0	2	0	0	0	25	4
Rights on objects of industrial property	040	0	0	0	0	0	0	0	0	0	0	0	0	0
Copyrights and allied to them rights	050	0	0	0	0	0	0	0	0	0	0	0	0	0
	060	0	0	0	0	0	0	0	0	0	0	0	0	0
Other intangible assets	070	308	229	0	0	0	0	0	21	0	0	0	308	250
<b>Total</b>	<b>080</b>	<b>333</b>	<b>231</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>333</b>	<b>254</b>

(081)	0
(082)	0
(083)	0
(084)	0
(085)	0

[illegible]

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Other non-current tangible assets	250	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	260	1195982	762830	31412	1097	552	4855	3540	42194	0	1098	0	1224734	802036	0	0	6399	3154

From line 260 column 14 value of capital assets, as to which property right restrictions, stipulated with the currently in force law, exist  
value of pledged fixed assets (261)  
Residual value of fixed assets, which temporary are not used (non-use, reconstruction and so on) (262)  
residual value of fixed assets, withdrawn from usage for sale (263)  
original (revalued) value completely amortized fixed assets (264)  
value of fixed assets, obtained at the expense of purpose financing (265)  
Value of fixed assets taken for operational rent (266)  
From line 260 column 5 value of depreciation of fixed assets as to which property right restrictions exist (267)  
From line 260 column 15 depreciation of fixed assets as to which property right restrictions exist (268)

0
132997
0
0
9631
1685
3618
0

### III. Capital investments

Index description	Line code	For year	As of the end of the year
<b>I</b>	2	3	4
Capital construction,	280	31276	24889
Purchase (manufacture) of fixed assets	290	2415	0
Equisation (manufacture) of other non-current tangible assets	300	22	12
Purchase (manufacture) intangible assets	310	415	415
Formation of main stock	320	0	0
Others	330	0	0
<b>Total</b>	340	34128	25316

### IV. Financial investments

Index description	Line code	For year	As of the end of the year	
			Long-term	Current
I	2	3	4	5
A. Financial investments under the method of shareholding:				
association enterprises	350	0	20115	0
Branch establishments	360	0	0	0

1	2	3	4	5
Joint activity	370	0	0	0
<b>Б. Other financial investments in:</b>				
Shares in authorised capital of other enterprises	380	0	0	0
shares	390	11162	0	0
loan securities	400	0	0	0
others	410	671452	972089	0
<b>Total</b>	<b>420</b>	<b>682614</b>	<b>992204</b>	<b>0</b>

From line 045 gr. 4 Balance other long term financial investments are:

(421)	972089
(422)	0
(423)	0

From line 220 gr. 4 Balance current financial investments are shown:

(424)	0
(425)	0
(426)	0

## V. Profit and expenses

Index description	Line code	Profit	Expenses
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>A. Other operational profit and expenses</b>			
operation assets rent	440	1110	0
operation exchange rate difference	450	8171	2793
Realization of other current assets	460	21949	17129
Penalty, fine, forfeit	470	1156	564
Keeping (support of housing -communal and жилищнокоммунального social - cultural units)	480	8249	11097
Other operational profit and expenses	490	285149	297891
including: deduction reserve of doubtful debts	491	X	0
Unproductive expenses	492	X	0
<b>Б. Profit and expenses from participation in capital , investments in:</b>			
Associated enterprises	500	1743	0

1	2	3	4
Branch establishments	510	0	0
Joint activity	520	0	0
<b>B. Other financial profit and expenses</b>			
Dividends	530	0	X
Interest	540	X	11705
Financial rent of assets	550	19	0
Other financial profit and expenses	560	0	0
<b>G. Other profit and expenses</b>			
Realization of financial investments	570	2319	4394
Realization of non-current assets	580	500	159
Realization of property complex	590	0	0
Non-operation exchange rate difference	600	0	0
Free obtained assets	610	2	X
Non-current assets write off	620	X	356
Other profit and expenses	630	4282	18823

Exchange of commodities (barter), products (goods, works, services)

(631) 0

Part of profit from realization of products (goods, works, services) on exchange of commodities (barter) contracts with involved parties

(632) 0 %

## VI. Monetary resources

Index description	Line code	As of the end of the year
<b>1</b>	<b>2</b>	<b>3</b>
Cash	640	30
Current bank account	650	138621
Other bank accounts (letters of credit, cheque-books)	660	162
Travel expenses	670	9
Equivalents of monetary resources	680	52
<b>Total</b>	<b>690</b>	<b>138874</b>

From line 070 gr. 4 Balance Monetary resources, which usage is restricted

(691) 0



### VII. Provision and Reserves

Types of provision and reserves	Line code	Remainder as of the beginning of the year	Increase for reported year		Used in reporting year	Non-used sum in reporting year	Sum of expected compensation of expenses by other party, which is taken into account at estimation of security.	Reminder as of the end of the year
			Calculated (created)	Additional deductions				
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
Provision of employees holiday payment	710	5730	13411	0	12543	0	0	6598
Further expenses on additional pension provision	720	0	0	0	0	0	0	0
Provision further expenses on guarantee liabilities	730	0	0	0	0	0	0	0
Provision of further expenses on restructuring	740	0	0	0	0	0	0	0
Provision of further expenses on fulfillment of obligations on aggravated contracts	750	0	0	0	0	0	0	0
Reward payment on reporting year results	760	0	0	0	0	0	0	0
	770	5338	11625	0	5338	0	0	11625
Reserve for doubtful debts	775	0	0	0	0	0	0	0
<b>Total</b>	<b>780</b>	<b>11068</b>	<b>25036</b>	<b>0</b>	<b>17881</b>	<b>0</b>	<b>0</b>	<b>18223</b>

### VIII. Stores

Index description	Line code	Balance sheet cost as of the end of the year	Revaluation for a year	
			Increase of net cost of sales *	Price reduction
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Raw materials and materials	800	74906	0	488
Purchased semi-finished product and component parts	810	86	0	0
Fuel	820	7114	0	0

1	2	3	4	5
Package and packing materials	830	1710	0	0
Construction materials	840	0	0	0
Spare parts	850	24073	0	0
Agricultural materials	860	0	0	0
Livestock for feeding	870	0	0	0
Low value and high wear items	880	30838	0	0
Incompleted production	890	54498	0	0
Finished produce	900	80548	0	0
Goods	910	1156	0	0
<b>Total</b>	<b>920</b>	<b>274929</b>	<b>0</b>	<b>497</b>

From line 920 column 3 Balance sheet value:

Specified as net sales cost  
 Transferred for processing  
 Pledged  
 Transferred for commission  
 Assets on responsible custody (extra balance account 02)

(921)	573
(922)	428
(923)	0
(924)	0
(925)	0

\* determined according p. 28 Regulations of (standard ) on financial accountancy 9 "Stores".

## IX. Debtor indebtedness

Index description	Line code	Total as of the end year of the year	Breach of terms of repayment inclusive		
			up to 3 months	from 3 to 6 months	from 6 to 12 months
<b>I</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
Debtor indebtedness for goods, works, services	940	181387	180827	425	135
Other current debtor indebtedness	950	275380	262717	10909	1754

Hopeless debtor indebtedness written off in reporting period  
 From lines 940 and 950 column 3 indebtedness with involved parties

(951)	0
(952)	0

### X. Shortages and expenses of value damage

Index description	Line Code	Sum
<b>I</b>	<b>2</b>	<b>3</b>
Discovered (written off) cash shortage and losses per year	960	63
Acknowledged as indebtedness of officials in the reported year	970	0
Cash shortage and losses, final decision concerning guilty persons, because of whom as of the end of the year not received (extra balance account 072)	980	0

### XI. Construction contracts

Index description	Line code	Sum
<b>I</b>	<b>2</b>	<b>3</b>
Income on construction contracts for financial year	1110	0
Indebtedness as of the end of reported year:		
gross indebtedness	1120	0
gross indebtedness	1130	0
from prepayment received	1140	0
Sum of delayed funds as of the end of the year	1150	0
Cost of works, carried out by subcontractors on unfinished construction contracts	1160	0

### XII. Income tax

Index description	Line code	Sum
<b>I</b>	<b>2</b>	<b>3</b>
Current income tax	1210	60361
Deferred tax assets:		
as of the beginning of the reported year	1220	31998
as of the end of reported year	1225	33960
Deferred tax liabilities::		
as of the beginning of the reporting year	1230	0
as of the end of reporting year	1235	0
Included into financial results report 0 total	1240	58399

1	2	3
Including:		
Current income tax	1241	60361
decrease (increase) of deferred tax assets	1242	1962
increase (decrease) of deferred tax liabilities	1243	0
Specified in owned capital 0 total	1250	0
including:		
current income tax	1251	0
decrease (increase) deferred tax assets	1252	0
increase (decrease) of deferred tax liabilities	1253	0

### XIII. Use of amortization charges

Index description	Line code	Sum
1	2	3
Calculated for reporting year	1300	42217
Used for year 0 total	1310	0
Including for:		
objects construction	1311	0
Purchase (production) and improvement of fixed assets	1312	0
of them machines and equipment	1313	0
equipment (generation) of intangible assets	1314	0
repayment of loans obtained for capital investments	1315	0
	1316	0
	1317	0

Chairman

(signature)

Yesaulov Gennadiy Oleksandrovych

(name)

Chief accountant

(signature)

Sokolova Iryna Volodymyrivna

(name)

Seal:

Ukraine city of Dnipropetrovsk  
Open Joint-Stock Company  
"Nizhnedneprovsky Tube Rolling Plant"  
05393116

# STATE STATISTIC REPORT

CODES									
Forms of documents according to the DCUD	Organization-owner – identification code according to the EDRPOU	Territory according to the SPATO	Industry according to the ZKGNG	Kind of economic activity according to the KVED	Pattern of ownership according to the KfV	Legal forms of economic activity according to the KOPFG	Ministry, department, association, company according to the SPODU	Superior entity – identification code according to the EDRPOU	Check amount
1	2	3	4	5	6	7	8	9	10
	05393116	1210137200	12140	27.10.0	20		6024		11

Department (state department), MDO, concern, association

Open joint-stock companies, created on the state enterprises base

Organization

“Nizhnedneprovsky tube-rolling plant” Open Joint-Stock Company

Address

49084, Dnipropetrovsk, 621, Stoletova str.

Form of property Private property

Form of activities

Ferrous metallurgy

Form №2-B urgent (quarter, annual)

Approved by Order of Statistics Department of Ukraine №190 of 29.07.97

Present this form all of associations, enterprises, banks, insurance and other organizations to the statistics organ by location place (excluding institution supported at account of budget). Quarter form should be presented no later of number 21 after quarter under review. Annual form – no later February 21..

## REPORT ABOUT SECURITIES ISSUE/REALIZATION/CIRCULATION THROUGH JANUARY-DECEMBER, 2004

### Section I. Issue and distribution of securities by the emitter

	Line code	Available at the beginning of the year	Issued during the accounting period	Total available at the beginning of the year and issued during the accounting period	Total	Distributed at the beginning of the year		
						Legal entities	Including Persons	Investors from other countries
A	B	1	2	3	4	5	6	7
Total	010	52356	107335	159691	52356	41701	4696	5959
including:								
Shares	020	13471	0	13471	13471	2816	4696	5959
Including: - ordinary	021	13471	0	13471	13471	2816	4696	5959
- preference	022	0	0	0	0	0	0	0
Bonds	030	0	0	0	0	0	0	0

A	B	1	2	3	4	5	6	7
Including: republican bonds	031	0	0	0	0	0	0	0
- interprise bonds	032	0	0	0	0	0	0	0
Treasury bonds	040	0	0	0	0	0	0	0
Saving certificates (deposit)	050	0	0	0	0	0	0	0
Bills	060	38885	107335	146220	38885	38885	0	0
Other securities	070	0	0	0	0	0	0	0
Authorised fund at the beginning of the year	080	13471	X	X	X	X	X	X
By the end of the accounting pe-	090	13471	X	X	X	X	X	X

Line code	First placed during the accounting period						Total placed			
	total	including:			Investors from other countries	total	including:			Investors from other countries
		Legal entities	Persons	Persons			Legal entities	Persons	Persons	
A	B	8	9	10	11	12	13	14	15	
Total	010	107335	107335	0	0	159691	149036	4696	5959	
Shares	020	0	0	0	0	13471	2816	4696	5959	
Including: - ordinary	021	0	0	0	0	13471	2816	4696	5959	
- preference	022	0	0	0	0	0	0	0	0	
Bonds	030	0	0	0	0	0	0	0	0	
Including: republican bonds	031	0	0	0	0	0	0	0	0	
- interprise bonds	032	0	0	0	0	0	0	0	0	
Treasury bonds	040	0	0	0	0	0	0	0	0	
Saving certificates (deposit)	050	0	0	0	0	0	0	0	0	
Bills	060	107335	107335	0	0	146220	146220	0	0	
Other securities	070	0	0	0	0	0	0	0	0	

## Section II. Turnover of securities

		Securities of the emitter								
		Total from at the beginning of the year and issued during the accounting period	приобретено в течение		Purchased for the accounting period	Resold for the accounting period		Paid off for the accounting period	Balance of unsold securities by the end of the accounting period	Dividends and interests paid in the accounting period
			Total	Including for the privatised accounts		Total	Including for the privatised accounts			
A	B	1	2	3	4	5	6	7	8	9
Total	100	159691	159691	702	104215	0	0	104215	0	2961

A	Б	1	2	3	4	5	6	7	8	9
Including: Shares	110	13471	13471	702	0	0	0	0	0	2961
Including: - ordinary	111	13471	13471	702	0	0	0	0	0	2961
- preference	112	0	0	0	0	0	0	0	0	0
Bonds	120	0	0	0	0	0	0	0	0	0
Including: republican bonds	121	0	0	0	0	0	0	0	0	0
- interprise bonds	122	0	0	0	0	0	0	0	0	0
Treasury bonds	130	0	0	0	0	0	0	0	0	0
Saving certificates (de-	140	0	0	0	0	0	0	0	0	0
Bills	150	146220	146220	0	104215	0	0	104215	0	X
Other securities	160	0	0	0	0	0	0	0	0	0

		Securities of the other emitters							Dividends and interests paid in the accounting period
		Balance at the beginning of the year	Purchased for the accounting period		Sold for the accounting period	Balance at the end of the year			
			Total	Including for the privatised accounts					
A	Б	10	11	12	13	14	15		
Total	100	48166	11161	0	0	59327	0		
Including: Shares	110	10455	11161	0	0	21616	0		
Including: - ordinary	111	10455	11161	0	0	21616	0		
- preference	112	0	0	0	0	0	0		
Bonds	120	0	0	0	0	0	0		
Including: republican bonds	121	0	0	0	0	0	0		
- interprise bonds	122	0	0	0	0	0	0		
Treasury bonds	130	0	0	0	0	0	0		
Saving certificates (deposit)	140	0	0	0	0	0	0		
Bills	150	0	0	0	0	0	0		
Other securities	160	37711	0	0	0	37711	0		

### Section III. Volumes of mutual investments in the form of securities

	Code of line	Securities of resident-issuer in nonresidents					Dividends, percentage paid to nonresidents for period under review
		Remainder in nonresidents on the year beginning	Bought by nonresidents through period under review	Ransomed from nonresidents by resident-issuer through period under review	Remainder in nonresidents on the end of period under review		
A	B	1	2	3	4	5	
Total	170	5959	0	0	5959	1829	
including:							
Stocks	180	5959	0	0	5959	1829	
Bonds	190	0	0	0	0	0	
Treasury obligatory	200	0	0	0	0	0	
Saving certificates (deposit)	210	0	0	0	0	0	
Bill of exchange	220	0	0	0	0	0	
	230	0	0	0	0	0	
	240	0	0	0	0	0	
Total	170	0	0	0	0	0	
including:							
Stocks	180	0	0	0	0	0	
Bonds	190	0	0	0	0	0	
Treasury obligatory	200	0	0	0	0	0	
Saving certificates (deposit)	210	0	0	0	0	0	
Bill of exchange	220	0	0	0	0	0	
	230	0	0	0	0	0	
	240	0	0	0	0	0	

January, 1 2005

**Tislenko Nataliya**  
(executor)

35-96-88  
(telephone)

Chairman	(signature)	Yesaulov Gennadiy Oleksandrovych	(name)
Chief accountant	(signature)	Sokolova Iryna Volodymyrivna	(name)

Seal:  
Ukraine city of Dnipropetrovsk  
Open Joint-Stock Company  
"Nizhnedneprovsky Tube Rolling Plant"  
05393116



**MINUTES # 10**  
**of general shareholders' meeting**  
**of Opened Joint- Stock Company**  
**"Nizhnedneprovsky tube rolling plant"**

Dnipropetrovsk

April 8, 2005

Chairman of the Board – General Director Yesaulov Gennady Oleksandrovych greets shareholders and their representatives, those present in the hall.

Chairman of the Board – General Director informs, that registration of shareholders and their representatives those came to the meeting, has been carried out by registrar of Company – Limited Liability Company "Alfa-Invest".

Representative of registrar Klyuchnik Larisa Nikolaevna is given the floor to read out Minutes on results of registration of those shareholders attended meeting.

In accordance with By-law of Opened Joint - Stock Company "Nizhnedneprovsky tube rolling plant" the total number of votes is equal to 53 885 000.

For participation in general meeting of shareholders with the right to vote, there have been registered 54 participants (shareholders and their representatives), which represent 44 657 138 votes, which make 82, 8749 % of the total number of votes.

According to article 41 of the Law of Ukraine on «Economics companies», control for registration of shareholders, those came to participate in the general meeting of shareholders was carried out by representatives of State Committee on securities and share market Bespalko Alexandr Ivanovich and Stepanenko Alexandr Vasilievich and also representatives of shareholders «AV and CKO» and «Kuvera» Ltd Pocheckai Marina Vital'evna and Ostapenko Evgeny Sergeevich.

Bespalko A.I and Pocheckay M.V. read out Minutes on registration control for shareholders for participation in general shareholders' meeting of Company.

In accordance with the Law of U kraine on «Economics companies» meeting is competent.

President-general director informs the shareholders that **Meeting is announced to be open**

At the suggestion of Chareman - General director, membership of counting commission is put to the approval. Counting commission has been proposed to be elected comprising:

Bezbakh V.Ya., Vasilenko Yu.V., Gorbulin A.V., Gubarenko S.V., Ivashova O.A., Krasnikov M.E., Kuprenko N.S., Kucherenko O.V., Jlisenko E.V., Marchenko V.P., Molotkova A.O., Nedashkovskaya L.I., Onishenko N.V., Pisanenko N.A, Savizkaya T.V., Semenova V.A., Sklyar G.V., Staroverova L.G., Chechel'nitskiy A.N.

Chairman of the Board - General director informs that before selection of counting commission, registrar counts up votes, participating in voting on issues for adoption, submitted to general meeting of shareholders. It is proposed to put to the vote the issue on approval of proposed membership of counting commission. To vote for a list. Other proposals on voting procedure were not submitted. Registrar is proposed to start to count votes on approval of proposed membership of counting commission.

Voting is held.

Registrar's representative Klyuchnik Larisa Nikolaevna is asked to read out voting results.

**RESOLVED:**

To approve proposed membership of counting commission of general shareholders meeting of OJSC "NTRP" comprising of:

Bezbakh V.Ya., Vasilenko Yu.V., Gorbulin A.V., Gubarenko S.V., Ivashova O.A., Krasnikov M.E., Kuprenko N.S., Kucherenko O.V., Jlisenko E.V., Marchenko V.P., Molotkova A.O., Nedashkovskaya L.I., Onishenko N.V., Pisanenko N.A, Savizkaya T.V., Semenova V.A., Sklyar G.V., Staroverova L.G., Chechel'nitskiy A.N.

Voting results according to registrar's Minutes on votes count:

"for"	-	40 831 862	votes, which make	91, 43	%
"against"	-	there are no			
"abstained"	-	3 824 490	votes, which make	8,56	%
"did not participate in voting"	-	786	votes, which make	0,0018	%

Accepted by a majority .

Member of counting commission Krasnikov M.E was asked to read out Minutes # 1 of counting commission of general shareholders meeting of OJSC ""NTZ" dated April 8, 2005.

Krasnikov M.E.: According to Minutes # 1 of counting commission of general shareholders meeting of OJSC "NTZ" dated April 8, 2005.

**RESOLVED:**

To select Counting Commission Chairman - Krasnikov Maxim Eduardovich.

To select Counting Commission Secretary - Nedashkovskaya Lyudmila Ivanovna.

Chairman of the Board – General Director proposes selected Counting Commission to start to count votes on voting of the following issues submitted for consideration to general shareholders' meeting

President of the Board – General Director proposes to select Chairman of general shareholders meeting Gorb Evgeniy Vasilievich. Other proposal were not submitted. Issue is put to the vote. Counting Commisiion was proposed to count votes.

**RESOLVED:**

To select Meeting Chairman Gorb Evgeniy Vasilievich.

Voting results according to Minutes # 2 of counting commission meeting:

"for"	-	42 170 198	votes, which makes	94,43	%
"against"	-	there are no			
"abstained"	-	there are no			
"did not participate in voting"	-	2 486 940	votes, which makes	5,57	%

Accepted by a majority .

Gorb E.V. entered upon the duties of meeting chairman

At the suggestion of meeting chairman, issue on selection of meeting secretary and secretariat is put to the vote. Meeting chairman proposes to select meeting secretary Bondarenko L.G. and secretariat, proposed by Organizing Committee comprising: Karpenko M.V., Zheleznyak N.I., Khomenko L.B., Miroshnichenko I.E. Other proposals on candidatures of meeting secretary and secretariat were not submitted. Issue is put to the vote. Counting commission is proposed to count votes.

*RESOLVED:*

To select secretary of meeting Bondarenko L.G and secretariat comprising: Karpenko M.V., Zheleznyak N.I., Homenko L.B., Miroshnichenko I.E.

Voting results according to Minutes # 3 of counting commission meeting:

"for"	-	40 832 648	votes, which make	91,44	%
"against"	-	There are no			
"abstained"	-	3 824 490	votes, which make	8,56	%
"did not participate in voting"	-	There are no			

Accepted by a majority .

Chairman of meeting proposed to selected meeting secretary and secretariat to take places and to enter upon their duties:

At the suggestion of meeting chairman, membership of drafting committee, proposed by Organizing Committee, comprising shareholder's representative Belous P.I., shareholder Skosareva L.P., shareholder's representative Pocheikai M.V. is put to approval

Other proposals on drafting committee candidatures were not submitted. Issue is put to the vote. Counting Commission is proposed to count votes

*RESOLVED:*

To select drafting committee comprising:

Belous P.I., Skosareva L.P., Pocheikai M.V.

Voting results according to Minutes # 4 of counting commission meeting:

"for"	-	40 832 648	votes, which make	91,44	%
"against"	-	There are no			
"abstained"	-	3 824 490	votes, which make	8,56	%
"did not participate in voting"	-	There are no			

Accepted by a majority .

Meeting chairman proposed the following procedure of agenda issues consideration and order of general shareholders' meeting:

1. To approve a report of Company Board on the results of activity for 2004 and to approve basic directions of the Company activity in 2005 (reporter- Chairman of the Board-General Director Yesaulov G.A.) – up to 20 minutes.

2. To approve a report and conclusions of inspection Company commission on the results of control of financial- economic activity of Company for 2004 ( reporter – Chairman of inspection commission Melikidze A.A.) up to 10 minutes.

3. To approve annual financial reporting and results of financial-economic activity of Company for 2004 ( reporter – Director on finance and economics Nakhod A.I.) up to 15 minutes;

4. To approve the procedure of profit distribution, term and order of dividends payment ( reporter – Director on finance and economics Nakhod A.I.) up to 5 minutes;

5. To approve basic indices of financial – economic activity of the company for 2005 ( reporter – Director on finance and economics Nakhod A.I.) up to 10 minutes;

6. To make changes of Company By-law ( reporter- Head of Legal Support Department Belous P.I.) – up to 5 minutes;

7. To recall and to select members of Supervisory Board and candidates in members of Supervisory board (reporter – Vice-Chairman of Supervisory Board Bondarenko L.G.) – up to 5 minutes;

8. To recall and to select members of Board (reporter – Head of Legal Support Department Belous P.I.) – up to 5 minutes;  
Speaking during discussion- up to 3 minutes.

For efficient usage of time and objective appraisal of Company, it is proposed to consider agenda issues in the following order:

- to listen to first two agenda issues, than to proceed to vote on them;

- to listen to simultaneously 3, 4 and 5 agenda issues, than to proceed voting on them;

Meeting shall be held without break.

Questions to reporters and proposals should be submitted to secretariat in written form.

Other proposals on consideration the procedure of agenda issues and on the order of general shareholders meeting were not submitted.

Proposals of the Meeting Chairman on consideration the order of agenda issues and on the order of general shareholders meeting are put to vote. Counting Commission is proposed to count votes

**RESOLVED:**

To approve the suggested way of agenda issues consideration and the order of general shareholders meeting of OJSC "NTZ"

Voting results according to Minutes # 5 of counting commission meeting:

"for"	-	40 832 648	votes, which make	91,44	%
"against"	-	There are no			
"abstained"	-	3 824 490	votes, which make	8,56	%
"did not participate in voting"	-	There are no			

Accepted by a majority .

Adoption of resolutions on order issues is over, proceeded to consider agenda issues of meeting.

**1. HEARING: Item I and II of the agenda**

Report of the Chairman of the Board – General Director Yesaulov G.A. on report of Company Board regarding results of activity for 2004 and approval of main directions of Company activity in 2005.

*(Report is enclosed).*

Report of the Chairman of the Inspection commission Melikidze A.A on report and conclusions of Company Inspection commission on the results of carried out controls of financial - economic activity of the company for 2004

*(Report is enclosed).*

Proposals on considered agenda issues were not submitted to secretariat . Chairman of meeting suggested decisions drafts of agenda issues. Other proposals were not submitted. Draft decisions were put to vote. Counting commission is proposed to count votes.

**RESOLVED: (Item I of the agenda):**

1. To approve report of Company Board on the results of Company activity for 2004.
2. To approve basic directions of Company activity in 2005.

Voting results according to Minutes # 6 of counting commission meeting:

"for"	-	40 831 396	votes, which make	91,433	%
"against"	-	There are no			
"abstained"	-	3 824 490	votes, which make	8,564	%
"did not participate in voting"	-	1 252	votes, which make	0,003	%

Accepted by a majority .

**RESOLVED: (Item II of the agenda):**

To approve the report and conclusions of Company Inspection commission on the results of controls of financial - economic activity of the company for 2004.

Voting results according to Minutes # 7 of counting commission meeting:

"for"	-	40 831 396	votes, which make	91,433	%
"against"	-	There are no			
"abstained"	-	3 824 490	votes, which make	8,564	%
"did not participate in voting"	-	1 252	votes, which make	0,003	%

Accepted by a majority .

**II. HEARING: Item III, IV and V of the agenda**

Report of finances and economics director Nakhod A.I.:

- on annual financial reporting, results of financial - economic activity of Company in 2004;
- on the way of profit distribution, terms and procedure of dividends payment;
- on main indices of financial - economic activity of Company for year 2005.

*(Reports are enclosed).*

Proposals on these issues of the agenda were not submitted to secretariat . Chairman of the meeting proposed drafts of decisions on agenda issues. Other proposals were not submitted. Draft decisions were put to vote. Counting Commission is proposed to count votes.

**RESOLVED: (Item III of the agenda):**

1. To approve annual financial reporting for 2004.
2. To approve results of financial - economic activity of the company in 2004.

Voting results according to Minutes # 8 of counting commission meeting:

"for"	-	40 829 714	votes, which make	91,429	%
"against"	-	1 682	votes, which make	0,004	%
"abstained"	-	3 824 490	votes, which make	8,564	%
"did not participate in voting"	-	1 252	votes, which make	0,003	%

Accepted by a majority .

**RESOLVED: (Item IV of the agenda):**

1. To approve suggested procedure of profit distribution:
  - to allot the earned net profit in the amount of 102 663 thousand UAH in the own capital of the Company for development of production;
  - not to allot profit in reserve fund and dividends fund.
2. Due to the fact, that profit is not allotted to dividends fund, the term and procedure of dividends payment shall not be approved.

Voting results according to Minutes # 9 of counting commission meeting:

"for"	-	40 745 302	votes, which make	91,240	%
"against"	-	1 682	votes, which make	0,004	%
"abstained"	-	3 827 690	votes, which make	8,571	%
"did not participate in voting"	-	82 464	votes, which make	0,185	%
Accepted by a majority .					

**RESOLVED: (Item V of the agenda):**

To approve basic indices of financial - economic activity of the company (planned budget) for 2005:

- net profit (returns) of product sales 3 116 mln. UAH.;
- prime cost of goods sold 2 766 mln. UAH.;
- net profit not less than 230 mln. UAH.

Voting results according to Minutes # 10 of counting commission meeting:

"for"	-	40 829 714	votes, which make	91,429	%
"against"	-	1 682	votes, which make	0,004	%
"abstained"	-	3 824 490	votes, which make	8,564	%
"did not participate in voting"	-	1252	votes, which make	0,003	%
Accepted by a majority .					

**III. HEARING: Item VI of the agenda**

Report of the Head of Legal Provision Department Belous P.I. on changes and addendum in Company By-law.

Reporter proposed solutions draft on this issue.

Other proposals on this agenda issue and on proposed decision draft were not submitted to secretariat . Proposed draft of decisions is put to vote. Counting commission is proposed to count votes.

**RESOLVED:**

1. To make following changes in By-law of Opened Joint-Stock Company "Nizhnedneprovskiy tube rolling plant" and approve them:
  - 1.1. Item 8.3.6. paragraph.4 of the Statute to be read as follows:
    - approval of internal provisions on general shareholders meeting, Supervisory Board, Board of Directors, Inspection Commission, on shares, on dividends on shares, on procedure of shareholders familiarization with the information, on the procedure of alienation of property;
  - 1.2. Item 8.3.6. paragraph.31 of the By-law to be read as follows:
    - concurrence of resolutions on appointment and dismissal of directors from their activity, chief engineer, chief accountant and heads of structural subdivisions, which are directly subordinated to Chairman of the Board;
  - 1.3. Item 10.1 paragraph.2 of the By-law to be read as follows:
    - Company is authorised to involve to cooperation experts, including foreign experts on the bases of agreements and legislation in force to determin the conditions of such cooperation.
  - 1.4. Clause 11 of By-law shall be added with item 11.2 after Item 11.3 and to be read as follows:
    - Company independently developes and approves manning table, determines rates of salary, form and labor remuneration procedures.
  - 1.5. Items 11.3 and 11.4 of By-law to be read considering items 11.4 and 11.5.
2. To authorise the Head of Legal Support Department of Opened Joint Stock Company "Nizhnedneprovskiy tube rolling plant" Belous P.I. to sign approved changes of OJSC "Nizhnedneprovskiy tube rolling plant" By-law (new wording) and register them in line with current Law of Ukraine and to represent Company in Regiartation Authority without supplementary Power of Attorney.

Voting results according to Minutes # 11 of counting commission meeting:

"for"	-	40 831 396	votes, which make	91,433	%
"against"	-	3 824 490	votes, which make	8,564	%
"abstained"	-	There are no			
"did not participate in voting"	-	1 252	votes, which make	0,003	%
Accepted by a competent majority .					

**IV. HEARING: Item VII of the agenda**

Report of Vice-Chairman of Supervisory Board Bondarenko L.G. on recall and selection of members of Supervisory Board.

Reporter proposed drafts of decisions on this issue.

Chairman of meeting proposed to vote for a list on recall of members of Supervisory Board, on selection of candidatures in membership of Supervisory Board - separately on each candidature.

Other proposals on this agenda issue, on suggested drafts decisions and on the voting order were not submitted to secretariat . Proposed draft decisions are put to vote. Counting commission is proposed to count votes.

**RESOLVED:**

1. To recall from membership of Supervisory Board the following shareholders:

- company "Bridmar Investments Limited" represented by representative Vraneshich Alexander Alexandrovich;
- Limited liability company «AB and CO» represented by representative Parusnikova Viktorii Borisovna.

Voting on recall of members of Supervisory Board was held for a list.

Voting results according to Minutes # 12/1 of counting commission meeting:

"for"	-	40 831 395	votes, which make	91,433	%
"against"	-	There are no			
"abstained"	-	3 824 490	votes, which make	8,564	%
"did not participate in voting"	-	1 253	votes, which make	0,003	%
Accepted by a majority .					

It is proposed to select two candidatures from three submitted candidatures by shareholders to members of Supervisory Board, namely:

- Limited liability company «Pridneprovie» represented by representative Troyan Michael Michaelovich;
- Closed Joint Stock Insurance Company «Aura» represented by Melnichyuk Larisa Yurievna;
- Company «Ukraine Value Opportunities Fund Ltd» represented by Haos Phillip.

Voting on selection of members of Supervisory Board was held on each candidature separately.

Voting results according to Minutes # 12/2 of counting commission meeting:

Voting on selection in members of Supervisory Board –shareholder Limited Liability Company «Pridneprovie» represented by representative Troyan Michael Michaelovich

"for"	-	40 554 521	votes, which make	90,813	%
"against"	-	23 279	votes, which make	0,052	%
"abstained"	-	3 824 490	votes, which make	8,564	%
"did not participate in voting"	-	254 848	votes, which make	0,571	%
Accepted by a majority .					

Voting on selection in members of Supervisory Board –shareholder - Closed Joint Stock Insurance Company «Aura» represented by Melnichyuk Larisa Yurievna

"for"	-	40 546 049	votes, which make	90,794	%
"against"	-	30 069	votes, which make	0,067	%
"abstained"	-	3 826 172	votes, which make	8,568	%
"did not participate in voting"	-	254 848	votes, which make	0,571	%

Voting on selection in members of Supervisory Board –shareholder - Company «Ukraine Value Opportunities Fund Ltd» represented by Haos Phillip.

"for"	-	5 353 571	votes, which make	11,988	%
"against"	-	36 921 981	votes, which make	82,679	%
"abstained"	-	83 212	votes, which make	0,186	%
"did not participate in voting"	-	2 298 374	votes, which make	5,147	%

According to the results of voting not selected in membership of Supervisory Board.

**RESOLVED:**

2. To select the following shareholders as members of Supervisory Board:

- Limited liability company «Pridneprovie» represented by representative Troyan Michael Michaelovich;
- Closed Joint Stock Insurance Company «Aura» represented by Melnichyuk Larisa Yurievna;

**V. HEARING: Item VI of the agenda**

Report of the Head of Legal Provision Department Belous P.I. on recall and selection of members of Company Board.

Reporter proposed drafts of decisions on this issue.

Meeting chairman proposed to vote for a list on recall of Board members, on selection of candidatures in Board members – separately for each candidature.

Other proposals on this agenda issue, on suggested drafts decisions and on the voting order were not submitted to secretariat . Proposed draft decisions are put to vote. Counting commission is proposed to count votes.

**RESOLVED:**

1. To recall from Board membership:

- Turishev Alexy Vasilievich;
- Dereza Oleg Georgievich;
- Nechaev Viktor Ivanovich.

Voting on recall of Board members was held for a list.

Voting results according to Minutes # 13/1 of counting commission meeting:

"for"	-	40 577 800	votes, which make	90,865	%
"against"	-	нет	votes, which make		%
"abstained"	-	3 824 490	votes, which make	8,564	%
"did not participate in voting"	-	254 848	votes, which make	0,571	%
Accepted by a majority .					

Voting on selection of Board members was held for each candidature separately.

Voting results according to Minutes # 13/2 of counting commission meeting:

Voting on selection in Board membership Fedash Elena Vladimirovna

"for"	-	40 552 839	votes, which make	90,809	%
"against"	-	23 279	votes, which make	0,052	%
"abstained"	-	3 824 490	votes, which make	8,564	%
"did not participate in voting"	-	256 530	votes, which make	0,575	%
Accepted by a majority					

Voting on selection in Board membership Kopaev Evgeny Nikolaevich:

"for"	-	40 552 839	votes, which make	90,809	%
"against"	-	23 279	votes, which make	0,052	%
"abstained"	-	3 824 490	votes, which make	8,564	%
"did not participate in voting"	-	256 530	votes, which make	0,575	%
Accepted by a majority .					

Voting on selection in Board membership Eraka Vladimir Nikolaevich .

"for"	-	40 552 839	votes, which make	90,809	%
"against"	-	23 279	votes, which make	0,052	%
"abstained"	-	3 824 490	votes, which make	8,564	%
"did not participate in voting"	-	256 530	votes, which make	0,575	%
Accepted by a majority .					

# **RESOLVED:**

2. To select in Board membership following persons:

- Fedash Elena Vladimirovna;
- Kopaeva Evgeniya Nikolaevicha;
- Eraka Vladimira Nikolaevicha .

Chairman of meeting Gorb E. V. informs that all the issues of the agenda have been reviewed

General shareholders meeting of Opened Joint- Stock Company "Nizhnedneprovskiy tube rolling plant" **is announced to be over**

Meeting Chairman	(Signature)	E.V. Gorb
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Meeting Secretary	(Signature)	L.G. Bondarenko
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Seal:  
Ukraine city of Dnipropetrovs'k  
Open Joint-Stock Company  
"Nizhnedneprovsky Tube Rolling Plant"  
05393116